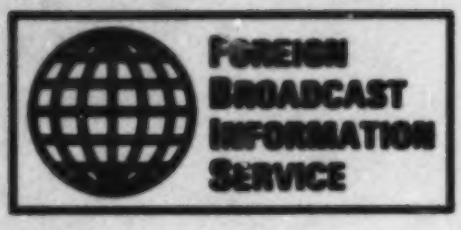

Daily Report

East Asia

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Daily Report
East Asia

FBIS-EAS-96-150 2 August 1996

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Japan

Japan: Kantor Denies Reported Remarks on Japanese Auto Market

OW0208104396 Tokyo KYODO in English 1035 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — U.S. Commerce Secretary Mickey Kantor has denied making remarks accusing Japan of not living up to its obligations under last year's auto pact with the United States, a Foreign Ministry spokesman said Friday.

Kantor made the denial in a meeting Wednesday with Japanese Ambassador to the U.S. Kunihiko Saito, who protested against the alleged comments, spokesman Hiroshi Hashimoto told a news conference.

At a press conference in Detroit on July 25, Kantor said the Japanese Government and automakers need to make it easier for General Motors Corp., Ford Motor Co. and Chrysler Corp. to open dealerships in Japan in compliance with the bilateral auto accord.

Saito told Kantor that in the agreement Japan does not promise any numerical target to the U.S. on the opening by the "Big Three" automobiles of dealerships in Japan, Hashimoto said.

While denying he made such remarks, Kantor reiterated he understands the substance of last year's auto pact, according to the spokesman.

Japan: Tsukahara Comments on Chips Talks

OW0208035096 Tokyo KYODO in English 0344 GMT 2 Aug 96

[FBIS Transcribed Text] Vancouver, Aug. 1 KYODO — Japan's Trade Minister Shumpei Tsukahara said Thursday [1 August] that a settlement of the Japan-U.S. microchip dispute is "possible if the two nations continue their efforts."

"There is broad progress," Tsukakara, Japan's international trade and industry minister, told reporters as he emerged from his fourth set of talks with acting U.S. Trade Representative Charlene Barshefsky.

Tsukahara noted that he will resume talks with Barshefsky at 10 P.M.

"The U.S. side seems to be shouldering something heavy on its back," Tsukahara said, referring to strong pressure from the U.S. chip industry.

"I feel pity for Barshefsky because she is having a hard time persuading U.S. industry leaders," Tsukahara said.

Japan: Hashimoto Urges U.S. Concessions on Chips Talks

OW0208051596 Tokyo KYODO in English 0510 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Japanese Prime Minister Ryutaro Hashimoto on Friday urged the United States to take a more conciliatory approach in the Japan-U.S. microchip talks now under way in Vancouver, Canada.

"The United States appears to be saying it will not change even a single word or phrase" of a proposal it has put forward to break the deadlock, Hashimoto said.

"Such an attitude amounts to telling us what to do, rather than engaging in negotiations," Hashimoto said.

Commenting on the breakdown of talks over deregulation of Japan's insurance market, he said, "Japan is now essentially pushing deregulation (in this field), so I hope that the passing of time will help to calm the U.S. and negotiations will be reopened."

In the chip fray, the two countries are seeking agreement on what role governments should play in ensuring a certain market share for foreign chipmakers. The existing chip accord expired Wednesday [31 August].

The U.S. is demanding that the Japanese Government involve itself in monitoring the maintenance of a sizable market share for foreign chipmakers.

Japan argues that the high levels of government involvement stipulated in the current accord are no longer acceptable.

In a related development, Seiroku Kajiyama, the top government spokesman, said Japan hopes to reach an accord with the U.S by "making one more push" in the talks.

Washington's withdrawal of its demand for continued numerical targets to monitor foreign chipmakers' access to the Japanese market kept the talks alive, Chief Cabinet Secretary Kajiyama said.

"The U.S. has agreed to eliminate the wording on setting a certain number for market share. This reflects their desire to avert a breakdown," he told a news conference.

Japan, however, cannot accept another U.S. demand that the two governments continue monitoring bilateral microchip trade, he said. "This is a key point on which we are going to make one more push in the negotiations," he said.

Japanese and U.S. trade ministers are continuing to work on the microchip row in Vancouver despite the passing of the Wednesday deadline.

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Japan: Kubo Confirms Insurance Talks End With No Agreement

OW0108224996 Tokyo KYODO in English 2108 GMT 1 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Japan and the United States were unable to settle the bilateral insurance dispute at their three-day senior-level meeting in Vancouver, Canada, Finance Minister Wataru Kubo said here early Friday morning.

After telephone talks with acting U.S. Trade Representative Charlene Barshefsky, Kubo told reporters that he and Barshefsky confirmed that the two countries have wrapped up the Vancouver meeting without any agreement.

Kubo said he and Barshefsky shared the view that insurance talks should be reopened only when both sides agree to their resumption.

The top U.S. trade negotiator stays in Vancouver, Canada, for the bilateral trade talks on microchips and insurance.

They also confirmed that Japan and the U.S. cannot end insurance talks with partial accords, Kubo said, adding the two countries can strike a deal only after seeing agreements in every sector.

Kubo also said he and Barshefsky agreed that both countries have the rights to withdraw their respective proposals made at the Vancouver meeting.

The Vancouver meeting was started by Eisuke Sakakibara, director general of the Finance Ministry's International Finance Bureau, and Ira Shapiro, senior counsel and negotiator in the office of the USTR to settle the insurance dispute by the self-imposed deadline of Wednesday [31 July].

Sakakibara and Shapiro failed to narrow differences over Japan's measures to liberalize its insurance market by Wednesday's deadline, and continued on-again, off-again talks until Thursday morning, local time.

In parallel with the senior-level meeting, Kubo and Barshefsky held four rounds of telephone talks.

Kubo said it is a pity that the two countries ended the Vancouver meeting without agreements, despite their last-ditch efforts.

He said Barshefsky was also disappointed with the results of the insurance talks.

Negotiation sources said it is uncertain when the two countries will be able to resume insurance talks.

At the Vancouver meeting, the U.S. was dissatisfied with proposals made by Japan to deregulate its auto insurance market, the sources said.

As a result, Washington did not show flexibility in discussions on the scope of the so-called "third sector" insurance products to be handled by life and nonlife insurance subsidiaries which Japanese insurers plan to set up as early as October, they said.

The third sector cover sickness, accident and nursing care insurance policies.

If the Finance Ministry approves major life and nonlife insurance companies to establish such subsidiaries without agreement with the U.S., Washington could resort to trade sanctions under Section 301 of the U.S. Omnibus Trade Act of 1974, the sources said.

Japan: Industry Says No Accord in Insurance Talks 'Unexpected'

OW0208040396 Tokyo KYODO in English 0352 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — The Japanese life and nonlife insurance sectors expressed surprise at the breakup in the Japan-U.S. bilateral insurance talks in Vancouver, Canada, while praising the hard-line attitude taken by Japanese negotiators.

Kenjiro Hata, chairman of the Life Insurance Association of Japan, said it was regrettable the two countries could not reach an accord.

"But it was a result of the resolute attitude (of the Japanese negotiators) to tell our stance, and I would like to express my approval of it," Hata said.

Leaders of nonlife insurance sectors said the conclusion of the talks without any accord was rather unexpected.

They thought the dispute would be settled by Wednesday [31 July], the deadline set by the two sides, because Tokyo submitted a compromise proposal to Washington.

Tokyo said it would deregulate auto insurance premium rates and sales of such insurance policies through the mail — even though the move would deal a blow to nonlife insurance sectors, they pointed out.

Takeo Iguchi, chairman of the Marine and Fire Insurance Association of Japan, had warned against deregulating the auto insurance market, saying it would reduce the quality of the service by nonlife insurers to policy holders.

The U.S. side in the Vancouver talks said the Tokyo proposal was unsatisfactory, and maintained demands to freeze the decontrol on the so-called third sector area

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covering insurance policies such as sickness, accident and nursing care.

"The breakup of the negotiations was a relief for nonlife insurance sectors," a senior official of one of the major nonlife insurance firm said.

The life insurer association's Hata said the U.S. side is working to preserve the vested interests of some of the foreign insurers in the Japanese market, and added Japan should seek a settlement that would not limit deregulation.

On the other hand, some industry representatives expressed concern over future developments regarding the issue.

Both Japanese life and nonlife insurance sectors have been preparing since early July to establish subsidiaries to operate in each other's fields from October — the schedule set in the Japanese deregulation plan.

But the failure in settling the dispute with the U.S. would spur Washington to invoke sanctions that affect Japanese insurers' business overseas, they added.

Japan: Kubo Hopes To Restart Insurance Talks 'Within a Month'

OW0208052996 Tokyo KYODO in English 0525 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Finance Minister Wataru Kubo said Friday that Japan will negotiate with the United States to restart bilateral insurance talks within a month.

"We want to find a solution (to the dispute) as early as possible in light of the importance of approving third-sector products," Kubo said at a press conference.

Kubo said he made the request to acting U.S. Trade Representative Charlene Barshefsky over the telephone earlier in the day.

Japan had hoped to continue talks on the insurance dispute in Vancouver, Canada, but the U.S. had wanted a cooling-off period, and to convene again after the U.S. Labor Day holiday Sept. 2, Kubo said.

He added, "The talks have not broken down."

Referring to the new insurance law that lets life insurers enter the nonlife sector through subsidiaries, Kubo said, "We cannot ignore requests from life insurers which are in line with domestic law."

"At the same time, we cannot ignore the bilateral negotiations either," he said.

He said a political decision will be needed on how to deal with requests to enter the nonlife sector through subsidiaries.

The U.S. has indicated during negotiations that if Japan allows the insurers to operate in the third sector, which covers sickness, accidents and nursing care, it will take some sort of retaliatory measure.

Kubo said the two sides failed to reach an agreement because of their "difference in interpretation" of the 1994 insurance business accord signed between Tokyo and Washington.

"There were gaps in our views on matters such as the extent of liberalizing rates on car insurance policies," he said.

Japan: Sasebo Mayor Reports on Apology by U.S. Base Commander

OW0208100296 Tokyo KYODO in English 0954 GMT 2 Aug 96

[FBIS Transcribed Text] Nagasaki, Aug. 2 KYODO — The commander of the U.S. naval base in Sasebo in southwestern Japan formally apologized Friday for the slashing and robbery of a 20-year-old Japanese woman in which a U.S. sailor is the prime suspect.

Capt. Lee Champagne made the apology when he paid a call on Sasebo Mayor Akira Mitsutake, the mayor said at a press conference.

Mitsutake said the commander briefed him on a series of measures taken to prevent similar incidents, including education for sailors, introduction of a curfew and an increase in the number of military police officers.

In other remarks at the press conference, Mitsutake said he will not take part in a reception ceremony for a port call by the U.S. 7th Fleet flagship Blue Ridge next Wednesday.

"It's not an appropriate time to do so," he said.

Michael Swanson, a crew member of the U.S. guided missile frigate McClusky, was arrested July 20 on suspicion of attempted murder and robbery of the Japanese woman.

In the attack in the early hours of July 16 outside the Sasebo naval base, 982 kilometers southwest of Tokyo, in Nagasaki prefecture, the woman's throat was slashed and her purse stolen.

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Japan: Usui Expected To Visit Local Areas on Drill Site Issue

OW0208092496 Tokyo KYODO in English 0857 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Defense Agency chief Hideo Usui will visit five local governments later this month in a bid to persuade them to accept the planned relocation of a U.S. military live-firing range in Okinawa Prefecture, a top Defense Agency official said Friday.

Usui will make a bid to placate the local governments, which have reacted angrily to the plan because they were not consulted, and seek their understanding of the need for the relocation, the official said.

Japan and the United States agreed Thursday on using five sites in rotation as replacements for the range at Camp Hansen in central Okinawa, southwestern Japan.

The five sites are the Yasubetsu range in Hokkaido, the Ojojihara range in Miyagi Prefecture, the Kitafuji range in Yamanashi Prefecture, the Higashifuji range in Shizuoka Prefecture and the Hijudai range in Oita Prefecture, all of which are used by Japan's Ground Self-Defense Force (GSDF).

Usui plans to meet with the government heads of the prefectures, cities, towns and villages concerned to win their support for the program before a formal agreement between Japan and the U.S. expected for later this month.

The defense chief will explain to the local government heads that the central government will make efforts to reduce any damage to the local communities that could result from the relocation.

The firing range has been long the target of local criticism in Okinawa because firing drills are held over prefectural highway 104, requiring a 3.7-kilometer stretch of the highway to be closed during the drills.

The Defense Facilities Administration Agency has started briefing the relevant prefectural governments on the agreement, but the prefectural government officials and local residents concerned responded with anger.

Oita Gov. Morihiko Hiramatsu reiterated opposition to the selection of the Hijudai range in his prefecture.

"Oita Prefecture has offered sufficient cooperation in national defense through Self-Defense Forces drills and Japan-U.S. joint drills," Hiramatsu told a press conference. "It is difficult for us to bear any further burden."

Miyagi Gov. Shiro Asano also voiced opposition to the agreement on the transfer of the U.S. drill site and blasted the government for failing to inform his prefecture about the agreement.

"They make light of us," Asano said at a press conference.

The central government is considering doing soundproofing work around the sites in a bid to win the understanding of the relevant prefectural governments, and plans to include outlays for such work in budgetary requests for fiscal 1997 starting next April.

Japan and the U.S. have agreed to transfer the drills to other sites as part of efforts to reduce U.S. bases in Okinawa Prefecture.

Meanwhile, Social Democratic Party chief and Former Prime Minister Tomiichi Murayama told a press conference that if the five nominated sites are the only option, the government will have no choice but to "strive to achieve the understanding and agreement of local people."

Murayama said that to obtain such understanding and agreement, the government will have to reduce the number of drills and consider environmental and safety issues at the alternative venues.

In a reference to past meetings with Okinawa Gov. Masahide Ota, Murayama said, "the nation as a whole has to deal with the bases problem by sharing the heavy burden Okinawa has carried during and since the war."

In Yamanashi Prefecture, where the GSDF's Kitafuji drill site is located, a group of local governments opposed to the relocation plan decided Friday to file a protest against the decision.

They complained about having received no detailed explanations from the central government about the program.

The group criticized the central government for not supplying the information swiftly and for pressing ahead with the plan without paying much attention to the voices of local residents.

The group plans to draft a protest statement and visit the Defense Facilities Administration Agency next week to convey their stance.

In Hokkaido, the mayors of three towns where the SDF drill site is located visited Vice Gov. Seishi Tamura and reiterated their opposition to the relocation.

The three town chiefs later said at a press conference that the local residents are plagued by the noises from the drills.

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Japan: Local Officials: MCAS Futenma Move to Kadena 'Probable'

OW0208062796 Naha OKINAWA TIMES in Japanese 2 Aug 96 Morning Edition p 1

[FBIS Translated Text] The Okinawa prefectural government intends to take a wait-and-see attitude toward Japan-U.S. negotiations on the relocation of the U.S. Marine Corps Air Station [MCAS] Futenma after Kurt Campbell, deputy assistant secretary of the U.S. Department of Defense, turned down a national government proposal on 1 August to integrate MCAS Futenma into Kadena Air Base [KAB]. The prefectural government maintains that the "issue should be decided by both the Japanese and U.S. Governments."

Some senior officials of the prefectural government expect that an abrupt agreement will be reached on a relocation site for MCAS Futenma as the return of MCAS Futenma was suddenly decided in the "top-down" talks. The U.S. side has indicated an unwillingness to comply with the integration proposal, saying that sharing of KAB by fighter planes and helicopters would cause problems with air traffic control. Senior prefectural government officials think that the KAB-MCAS Futenma integration is the most probable plan. They said: "The national government's having made an official proposal to integrate MCAS Futenma into KAB must be based on the grounds that air control problems can be cleared up."

Japan: Officials Say U.S. Unwilling To Move Heliport to Kadena

OW0208114096 Tokyo KYODO in English 1129 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Japan on Friday urged the United States to consider relocating to Kadena Air Base a military heliport in Japan's southernmost prefecture of Okinawa, but the U.S. side showed a negative response, Japanese officials said.

The pitch was made in the seventh session of working-level talks of a special Japan-U.S. panel on U.S. military bases in Okinawa, which is intended to ease the security burden on the island prefecture, the officials said.

Japanese foreign and defense officials told their U.S. counterparts that moving the heliport currently at the U.S. Marine Corps' Futenma Air Station to Kadena is the plan most likely to be accepted by local and other people, the officials said.

Citing some technical and operational difficulties, the U.S. side effectively turned down the proposal but promised to study the option further, they said.

Tokyo and Washington agreed to hold the next round of working-level talks on the Okinawa base issue in Tokyo in early September, the officials said.

Opposition to the heavy U.S. military presence in Okinawa Prefecture has intensified since the rape of a local schoolgirl last September, for which three U.S. servicemen are serving jail terms.

Okinawa makes up only 0.6 percent of Japan's total land area but hosts about 75 percent of U.S. military facilities in Japan in terms of land area. Some 30,000 of the 47,000 U.S. troops in Japan are stationed there.

Also Friday, the two countries held a meeting of working-level officials to review bilateral defense cooperation guidelines.

Japan and the U.S. agreed in a joint security declaration released in April to review the current guidelines, established in 1978, which lay down rules for a joint response to an invasion of Japan.

The review is designed to map out measures to cope with emergencies in the Far East as well as a direct attack on Japan.

Japan: Trilateral Ties With U.S., PRC Discussed

OW0208024496 Tokyo CHUO KORON in Japanese Aug 96 pp 28-45

[Article by Jitsuro Terashima: "How To Control the U.S.-Japan-China 'Triangle Crisis'"]

[FBIS Translated Text]**Historical Phase of the U.S.-Japan-China 'Triangle' — What We Should Fundamentally Be Aware of**

Journalist Shigeharu Matsumoto, who steadily observed the international relations among these countries as a student in Europe and the United States during the 1920's and as a special correspondent in Shanghai in the 1930's, declared that "the core issue for the U.S.-Japan relationship is the China issue." It was aptly stated. When we think about it, the Pacific War was, after all, also a war between the United States and Japan which centered on China.

During the 50 postwar years, the Japanese have not given any serious thought to the importance of the factor, called China, which has existed in the U.S.-Japanese relationship. The reason is clear. After the war, Communist China emerged in 1949, China was split between the mainland and Taiwan, and U.S. policy toward China continued to be confused. Moreover, the United States has placed relatively greater weight on the U.S.-Japan alliance in its Asia policy. Great Britain, which had a historical accumulation in its China

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diplomacy, recognized "Communist China" at the same time Mao Zedong's China came into existence. But the United States did not recognize Mainland China for twenty years, until the 1970's, when Kissinger's secret diplomacy and Nixon's visit to China made news, and there remained an era of "hiatus" in the relationship with China. The fact is that the 20 year hiatus in the U.S.-China relationship was fortuitous for the recovery and growth of postwar Japan. In other words, taking advantage of U.S. Cold War thinking that "it would support the recovery of Japan as a fortress against Communism in Asia," Japan was able to get into its orbit of postwar recovery. If one uses his imagination, he can easily understand this context. If Chiang Kai-shek's Kuomintang had maintained a stable government on the Chinese mainland, post war Asia would have been under the joint control of and division between the victorious countries in the war, the United Stated and China; and the postwar recovery of Japan would have been delayed by decades.

I had an opportunity for six months to participate in the production of the documentary, "'Triangle Crisis' — The U.S.-Japan-China Relationship in History," which aired on NHK TV on 29 December last year. This program was based on my book, "Two Fortunes — What We Can Learn From the U.S.-Japan Relationship of 1936." Along with the staff of the NHK Social Information Program Division, we sought to examine the history of the U.S.-Japan-China triangular relationship through pictorial images.

As for the "Two Fortunes," — I do not want to repeat but — it was an effort to elucidate the background of the attempt by the U.S. magazine FORTUNE to comprehensively analyze Japan in its September 1936 issue. This was a special issue of about 200 pages entirely devoted to Japan. This was five years prior to the attack on Pearl Harbor. The person who led the work on this special Japan issue was Henry Luce. He was editor in chief of FORTUNE at that time, and he left his name in media history as the founder of TIME and LIFE, and as a creator of the world's magazine culture. Luce was born in 1898 in Shandong Province in China as the son of a Presbyterian missionary and grew up in China until he was 15. He had a sense of mission which was to let the American people know about the danger of a militaristic Japan which was extending its rights and interests in China, which he regarded to be his home. He continued his campaign to lead U.S. public opinion in the 1930's to become "anti-Japan, pro-China" by utilizing such media as TIME, LIFE, and FORTUNE, which he had bought up.

H. Luce played triple roles in U.S. history. One was that, as the major figure in the pro-China group, he continued to influence U.S. policy toward Asia. The second was that, by becoming a "media tycoon," he gained the power to move U.S. public opinion. The third was symbolized by the fact that he created the phrase "the American century." This contrasted with the previously existing Monroe Doctrine tendency of not wanting to be involved in the various problems of international society. Luce played the role of an ideologue of "internationalism" which preached the U.S.'s international responsibility and duty. Such triple roles on the part of Luce continued like a whirlwind to influence the U.S.-Japan relationship, between 1936 and 1969, with the war in between.

I am digressing here, but Ambassador E. Reischauer, who left a reputation as a person who was well versed on Japan, was born in Tokyo and was also the son of a Presbyterian missionary. It is a taboo to ask "what if" when we are studying history, yet I cannot help wondering what effect it would have had on the history of the U.S.-Japan-China relationship if Luce had been born in Japan and Reischauer, who became a scholar, had been born in China.

1. U.S.-Japan Security Treaty and H. Luce — New Discovery

During the 10 years prior to the attack on Peal Harbor, H. Luce not only continued to deliver an "anti-Japan, pro-China" message using his media, but also developed more direct activity to aid China. For example, he cooperated with T.V. Soong (the brother of Chiang Kai-shek's wife, Soong Meiling) who was posted to Washington as the man in charge of finance for Chiang Kai-shek's Kuomintang Government, engaged in activities to pull together U.S. aid for China, coordinated various pro-China organizations, and continued all sorts of activities to aid China, such as providing financial assistance to the American pilot volunteers helping China called the "Flying Tigers." The accumulated amount of U.S. Government aid to China through the war period until the end of the war reached $380 million. This is said to be equal to $20 billion in today's money.

H. Luce visited China in 1941 and 1945 to see Chiang Kai-shek. He also ran a campaign touting Chiang Kai-shek's wife, Soong Meiling, as a "heroine who is fighting militarist Japan." He made it possible for her to address the U.S. Congress and carried out a plan to heighten support for assistance to China in American public opinion. Ironically, Chiang Kai-shek's China, upon which Luce had expended so much passion in his effort to provide assistance, collapsed. The establishment of the Communist Party Government and Chiang Kai-shek's defeat and retreat to Taiwan in 1949 were clearly shocking and disappointing for Americans

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such as Luce who supported the Kuomintang. Also, the 1950 outbreak of the Korean crisis (June) and the participation of the Chinese People's Volunteer Army (October) further intensified their frustration.

In light of such developments, Luce took up a new course of action. In order also to prevent the communization of Asia, he began pushing for an expedited peace treaty with Japan and for realization of a U.S.-Japan security structure to bring Japan into the Western camp as a "fortress against Communism." University of South Carolina Professor R. Harzstein has been studying such a role played by H. Luce. He has verified, from correspondence between Secretary of States Dulles and Luce and from other materials, that the pro-China group in the United States, more accurately the Kuomintang Government support group, was transformed into a U.S.-Japan Security Treaty promotion group and played a role in aiding the recovery and growth of postwar Japan.

People tend to think that the U.S.-Japan security structure was formed as a counter force against the Soviet Union, a product of the Cold War era. But, in fact, we also cannot deny the aspect that it was a scenario introduced because of the intense feeling of the "Taiwan Lobbyists" against Communist China. Luce died in 1967, but as there was even a saying that "until H. Luce died, the United States could not recognize China," he continued to cast a shadow on Washington policy toward Asia. We must clearly recognize the historical fact that the U.S.-Japanese relationship could not be complete just between the two countries. We must especially recognize the fact that it has been influenced by an factor called China.

2. We Must Objectively Recognize the Depth of the U.S.-China Relationship

This is the part not so visible from the Japan side, but the roots of the U.S.-China relationship go deeper than one imagines. My actual feeling when I was working in Washington was that the number of people who would be considered to be pro-China or to know-China-well in the United States seemed to be many times greater than that of the pro-Japan or know-Japan-well.

For that, there is an historical background. The United States was much behind Europe in terms of a full scale advance into Asia. Interest in Asia, which rose for a while around the time of Perry's visit to Japan (1853), was cooled by the Civil War (1861-65) and its aftermath. But in 1898, it became full scale when the United States came to posses the Philippines as a result of its victory in the Spanish-American War. In other words, for Asia, the United States was a late comer in establishing a colonial empire. The late comers, when they join late, insist on "principle and fairness." As for its policy toward China, the United States sent idealistic messages such as the declaration of Secretary of State J. Hay for an "open door and equal opportunity" (1899). China also began its U.S. diplomacy with expectations and good will toward the United States. The Chinese also perceived the United States as a card to control the aggression of the European powers' into their country and that of Japan, which began to direct its interest toward the continent after it won the Sino-Japanese War (1894-95). I would add that an historical misfortune in U.S.-Japan relations was that the timing of the full scale U.S. advance into Asia and Japan's advance into the [Asian] Continent after the Sino-Japanese War and Russo-Japanese War (1904-05) coincided. As a result, the two countries were forced to discuss Asia in the context of a "competitive" relationship. The U.S. Department of the Navy began a simulation study, "Plan Orange," with Japan as the hypothetical enemy in 1906.

Another factor that we must not forget in the U.S.-China relationship is the presence of the Overseas Chinese in the United States. Take Sun Yat-sen as an example. Sun Yat-sen, who is revered as the "father of the country" for China and Taiwan, went to Hawaii, where his oldest brother was living, when he was 13. He graduated from high school in Hawaii, then studied at Oahu College. He was strongly influenced by American-style democracy through a total five years' stay in Hawaii. It was also in Hawaii where Sun Yat-sen formed the "Revive China Society" (1894) aiming to bring down the Qing Dynasty and to establish a democratic republican system. It was the Overseas Chinese in the United States who supported the movement for the Revolution of 1911 by Sun Yat-sen. Today, 1.4 million Overseas Chinese are said to live in the United States. The role Overseas Chinese have played as a pipeline in the U.S.-China relationship cannot be ignored. The Soong clan, which included Sun Yat-sen's wife, Soong Qingling and her sister — who later became Chiang Kai-shek's wife, Soong Meiling — and T.V. Soong, who was active in Washington as a prominent figure for the Kuomintang Government, are from the so-called "Hakka," a northern Han tribe. The Hakka network was said to be especially significant among overseas Chinese in the United States who supported the Sun Yat-sen revolution. Chiang Kai-shek, current Taiwan President Li Teng-hui, Singapore's Lee Kuan Yew and Goh Chok-tong, and China's Deng Xiaoping and Li Peng are all Hakka. We have a tendency to think simply in terms of Overseas Chinese as being of either the mainland or Taiwan line. But there are quite a few people who are considered to be the major figures of the Taiwan Lobby, yet have a network with China. An example is Anna Chennault, the wife of the U.S. military man, Claire Chennault, who was said

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to have played an important, behind-the-scenes role in Nixon's China visit.

Chennault was the commander of the Flying Tigers, the aviation corps aiding China, for which H. Luce was the leading supporter.

Glen Fukushima, who is currently working in AT&T's Japan branch, wrote an essay entitled "Nine Reasons Americans Are Attracted By China" (August 1995 issue of "AGORA"). His observations — he grew up in the United States as a Japanese-American — are worth paying attention to. He points out the following. Most Americans regard China as a "country which has a great civilization which has had great significance in world history" and respect it as the central entity in Asia. The Chinese manner of action, which is very particular in its own "principles and philosophy," is easily understood by the Americans. Fukushima also says that, compared to Japan, the large scale "continental consciousness" of the Chinese is easier to understand for Americans than the "island mentality" of the Japanese, which is much more uniform and standardized. Moreover, the Chinese tendency to say what they really mean gives the impression of "honesty" and sincerity" while the Japanese tend to be vague and adhere to what they are supposed to do. There is an English expression, "to have good chemistry." Something close to that exists at the bottom between the Americans and Chinese. Chinese pride, which may be said to be the idea that China is the center of the universe, and the Americans' strong attachment to idealism, which embraces democracy, are different in character. But their consciousness that theirs' are great countries and their values are the leading values results in a feeling akin to "mutual respect." This is a factor absent in the U.S.-Japanese relationship.

3. Curious "Biorhythm"

As I observe the history of the U.S.-Japan-China triangle over the last 100 years, I notice that there is a curious biorhythm. In other words, there is a correlation that when the U.S.-Japan relationship is good, the U.S.-China relationship is bad, and, conversely, when the U.S.-Japan relationship is bad, the U.S.-China relationship is good. Let us observe this from the U.S. perspective. Until around the time of the Russo-Japanese War, the United States had a comparatively more positive feeling toward Japan, which had gone on to modernization after the Meiji Restoration.

This was in contrast to Qing Dynasty China, which had been ravaged by the European powers and continued to retrogress. At that time, the United States had even accepted 15 or 16 Japanese naval officers at the Naval Academy in Annapolis, and this had contributed considerably to Japan during the Russo-Japanese War. After the Russo-Japanese War, things went into a cycle in which American suspicion toward Japan had increased, the United States had sympathized with China which had been lagging behind in modernization, and the Americans had sympathized with the forces which were trying to promote the democratization of China. This cycle lasted until the end of the Pacific War, and its prominent promoter was the aforementioned H. Luce. After the Pacific War, this cycle changed and, leveraged by the tension with Communist China, the tolerant and helpful policy of placing importance on Japan continued. That trend resulted in strengthening the Japanese economy, but by the 1980's, it changed once again when raw steel and auto production exceeded that of the United States.

U.S. foreign policy in Asia is destined to be a tug of war between choosing Japan or China for a central policy focus in Asia. Even in the 1930's when the world was heading into war, State Department diplomatic documents reveal that such a discussion had been heatedly going on inside the government. The United States is burdened with this problem even today. Faced by the reality of an emerging China, a movement toward a new triangle is taking shape.

New Phase for the U.S.-Japan-China Triangle — What Is Happening Now

For two reasons, one that the "21st century economic power, China, is attractive" and the other that "an increasingly confident and stronger China will pose a threat," U.S. interest in China is rapidly increasing these days.

Chinese economic growth since 1990 has been astonishing. The annual average growth rate for the five years, until 1995, was 11 percent. This is an outstandingly high growth rate. As for its GDP world ranking, as of 1994 China was only in eighth place. But this figure is the result of exchange rate magic. For actual production power for goods, some presume that China is third in the world, after the United States and Japan. As one index, take the production volume of raw steel. The Chinese production volume of raw steel in 1995 was 93.39 million tons. This figure is shoulder to shoulder with the U.S. production volume of 93.57 million tons, and is behind Japan's 101.64 million tons. According to Chinese plans, it will reach 120 million tons by the year 2000, and China is projected to be the top steel producing country in the world. Similar things are going on in many other manufacturing fields.

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1. New Phase in U.S.-China Confrontation

On 20 May, at the 29th PBEC (Pacific Basin Economic Committee) Conference in Washington, I heard President Clinton announce plans for the extension of the Most Favored Nation (MFN) status to China without any conditions this year. This occurred as he addressed 850 business managers from 17 Pacific Basin countries. During the 1992 presidential election campaign, Clinton criticized the Bush administration, claiming that its response to the Tiananmen incident was too tepid and advocated a course of "human rights diplomacy." But now, four years later, while the Republican-led Congress is hardening its attitude toward China, ironically, a shift in positions is taking place, to such an extent it is said that "Clinton is the one who is most pro-China."

As seen in issues such as the export of nuclear related technology to Pakistan, conspicuous military pressure on Taiwan, still smoldering human rights problems in China, and so on, U.S. suspicion toward China is clearly increasing. Also, the overheated boom of investment in China by U.S. enterprises has already made one round. Most of the U.S. enterprises which made inroads into China are perplexed and disappointed, confronted by troubles which have resulted from the incomplete economic legal system in China. In spite all that, why is the United States continuing unconditionally to grant Most Favored Nation status to China? Needless to say, it has been due to a deepening of the mutual economic reliance relationship.

U.S.-China trade in 1989, when the Tiananmen incident occurred, was $17.7 billion (U.S. exports were $5.8 billion, imports were $11.9 billion). It kept increasing, and by 1995 it was $57.3 billion (U.S. exports were $11.7 billion, imports were $45.6 billion). When the imports from and exports to Hong Kong are added, trade with China in 1995 totaled $81.8 billion (exports, $26 billion; imports, $55.8 billion). This figure is extremely large compared to U.S. trade with Russia, which remains at $6.8 billion (exports, $2.8 billion; imports, $4 billion). Incidentally, Japanese trade with China in 1995 was $57.8 billion (exports, $21.0 billion; imports, $35.9 billion).

Taking note of the fact that the U.S. trade deficit with China has reached $33.0 billion, some people believe that "in the next several years that figure will exceed the deficit with Japan, and China will become the country with the greatest trade imbalance." They hold the view that, as a result, economic friction between the United States and China will become serious. But such a view is too simplistic, because the nature of the U.S. trade deficit with Japan is different from the U.S. trade deficit with China. The trade deficit with China is caused by the fact that U.S. enterprises made an investment. In other words, the investment undertakings of U.S. enterprises, which is said to total $20 billion, are working, and the goods they produce are being imported into the United States like a boomerang. In short, this is a deficit which will yield a profit for the U.S. enterprises which played an intermediate [middleman] role. It is assumed that over 60 percent of the $45.6 billion in imports from China to the U.S. are of this kind. This is a point totally different from the U.S. trade deficit with Japan. Such an advantage was in the background when over 800 economic organizations in the United States applied pressure in Washington to extend the Most Favored Nation status to China.

As voices in Congress and among the public are more strongly calling for a harder stance toward China, the Clinton administration has also been showing a posture to demonstrate that it is "not a weakling." It has suspended for one month the implementation of the U.S. Export-Import Bank loan to China because of suspected nuclear technology exports. It has also announced a sanctions list (on 15 May), with the levying of a $3 billion sanction tariff, to indicate its dissatisfaction with the Chinese Government's response on the intellectual property rights issue. On the other hand, the Chinese Government also announced retaliatory measures which it will simultaneously enforce when the U.S. sanction takes effect. This all gives the impression that the U.S.-Chinese economic relationship is also facing an uneasy time. Clearly, since around the time of the intellectual property rights negotiations in the spring of last year and the United States' grant of permission for President Li Teng-hui to visit the United States in the summer, U.S.-China relations appear to have been strained.

We must note, however, that self-restraint to avoid a decisive confrontation which comes into play at the last moment is at work in the U.S.-China relationship, of which it is said that "although they appear to be hitting each other, in fact, they are massaging each other." Such an outcome will emerge whereby the United States will smile grimly at China's craftiness and China will permit the United States to save face by letting it adhere to its principles. There is something different there from the character of U.S.-Japan negotiations. There is a witty story going around in Washington. At the start of the U.S.-China negotiations on intellectual property rights conducted last year, the Chinese representative reportedly said the following: "We Chinese made three of the world's greatest inventions: Paper, gun powder, and printing, but we have never even once demanded our intellectual property rights." The Americans were amazed, but impressed by the profundity of China, and they

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participated in the negotiations with a subconsciously strange respect.

As long as we look at the surface, the U.S.-China relationship seems to be strained: One might call it in a "second Cold War era." But that is probably an incorrect observation. In addition to the deepness of the historical U.S.-China relationship, the United States and China both have a fundamental desire to seek increased communication with each other. As for China's firing of missiles into the Taiwan Strait too, it had greater significance as a message to the United States than as a message of intent to use arms against Taiwan directly. In the era of a global economy, China too is fully aware that it can not survive in isolation.

We should understand the missile incident as China's demonstration that it will avoid "containment," and to gain an advantageous position in the negotiation with the super power United States. It is especially important for Japan to watch out for the fact that, while we are simply observing the highly charged U.S.-Chinese exchange of wills as a "fire on the other side of the river," we might be caught in the crossfire and could end up losing our place.

2. True Feeling and New Phase Way Down in U.S.-Japan Relationship

The Ministry of Foreign Affairs has been conducting a Gallup survey of public opinion on Japan in the United States every year. It tends to show in figures the public opinion which reflects immediate issues which have been reported. For the results of the survey published last May, the background is that, as a result of the conclusion of the auto talks of June of last year, there were presently no really serious pending issues. For the United states in 1995, the deficit with Japan had decreased to $59.4 billion, about a 10 percent drop from the previous year, and the basic underlying tone of a shrinking deficit is continuing in 1996. So the sentiment toward Japan has somewhat improved compared to last year.

To a general public opinion question, 56 percent answered that "Japan is a trustworthy ally." This has not changed from last year.

But it is not especially meaningful to rejoice and grieve in quick alternation as a result of such numerical trends. What I would rather note, in considering the actual nature of the U.S.-Japan relationship, is the "survey of Americans' fundamental consciousness concerning the Japanese," which the Japanese Embassy in Washington conducted in 1995 with social psychologist Robert D. Deutch as the chief researcher. This survey was not a surface opinion survey, but was made utilizing detailed interviews in six cities throughout the United States. It sought to determine the image of Japan which is at the bottom of the ordinary American's consciousness.

What surprised me once again in the results of this survey is the existence of negative feelings toward Japan in the deepest layers of many Americans' psyche. In short, it is the image that "the Japanese are a people who are unfair, closed, tricky, and always try to win in every race." What is interesting is the interpretation that in the deep psyche of a positive image of Japan, "an industrious, orderly, efficient, traditional, and harmonious group," is reversed and associated with a negative image of a "robot-like, inhuman, closed, aggressive nationalism."

I had a discussion with Dr. Deutch himself. As for the reason for such a subliminal psychology, it is conceivable that it is a residue of the campaign which was waged repeatedly in the United States during the war that "the Japanese are cruel and inhuman," as well as the reverse side of the Japanese campaign that "Americans and British are demon-like and beastly." In addition, there also may have been some influence from the fact that the postwar Japanese, instead of pursuing ideology, philosophy, religion, and thought, pursued "economics" as the supreme value and, as mechanical organization men tried to win in competition by using every possible means, and, moreover, gained economic power which could even exceed that of the United States. All of these factors may account for their subliminal feelings of unpleasantness and perplexity toward Japanese.

This is a regrettable survey result, but I have no intention to criticize the Americans for holding such feelings toward the Japanese in the bottom of their consciousness by claiming it is racial discrimination. Also, I am not disappointed that "after all, Americans despise Japanese."

What we the Japanese can do is to ask ourselves the question of whether Japan is striving to create a country which is worthy of others' respect. Ultimately, there is no other way to correct such images than through our own awareness and efforts.

On the other hand, what is the Japanese feeling in the depth of their psyche toward the United States? In every opinion survey, the result appears that the United States is the "country Japan likes most," and the "country most trustworthy." For the Japanese, who have been influenced by U.S. culture for the 50 years since the end of the war, the United States is even today unmistakably the "coveted" country, from its lifestyle to its movies, music, and even fashion. But at the same time, it is also true that in the process of Japan's

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gaining economic strength, an arrogant feeling has been emerging to the effect that "the United States is not all that great." From the end of 1980's until the early 1990's, it has been fashionable to discuss things like the "reversal of the U.S.-Japanese fortunes," the "end of the American century," the "superiority of Japanese style management," and so on.

When we discuss the current U.S.-Japan relationship, it is unfortunate that there is the time lag in the basis of our consciousness. Even today many people still believe in the "superiority of the Japanese economy," and proceed with their discussions on that basis. Subsumed in the great advancement of the average 7 percent growth for Asia as a whole, Japan is also discussed in the context of the "east Asian miracle." But the actual situation is that Japan alone has been obtaining zero growth for the past four years, and, as for the juxtaposition of the United States and Japan, the real situation is changing.

The situation that we must face now is, rather, the "recovery of American hegemony," and response to U.S. dominance in a new sense. There is a thesis we ought to pay attention to. It is the "Information Revolution and New Security Order (America's Information Edge)" (FOREIGN AFFAIRS March/April 1996 issue/Japanese translation, CHUO KORON May 1995 issue). This article was coauthored by Joseph Nye, who returned to teaching at Harvard University, and W. Owens, former deputy chief of the Joint Chiefs of Staff. Nye is a former assistant secretary of defense in charge of international affairs at the Defense Department and wrote the so-called "Nye Report" (Report on East Asia Strategy, February 1995) which took the initiative for the "redefinition of U.S.-Japan security." In a way, this is a thesis which declared victory for the overwhelming dominance of U.S. information technology in the information era. It stresses the importance of an "information umbrella instead of a nuclear umbrella" in post Cold War international relations and argues that the new American mission is to utilize its dominant information technology and to spread U.S. "soft power," namely democracy and a market economy, to the world.

The world is buzzing about the Internet and multimedia. But in a cold light, it can also be said that it is a trend for domination of the world by American information system technology. Dominance in information technology is utilized in the military field as well. The U.S. military presence in east Asia, which contains the unstable elements of North Korea and the Taiwan strait, is becoming somewhat more significant. Also, in the economic field, the United States has been pushing in arenas such as APEC for a policy of "liberalization" which regards the American style free competition as supreme. In every sense, we can not help but recognize the "recovery of American hegemony."

China, which has been gaining confidence as it approaches the 21st century and the United States, which has been regaining its confidence — and their interrelationship. Naturally, we face the question of "what is Japan to do?" This is not an easy game.

Japan's Strategy — What Should Japan Do?

What should Japan, which will be impacted by the power of the giants, the United States and China, do if it wants to prevent the country from going astray? One might say that "Japan's problem is how to control China while cooperating with the United States." But things are heading toward a situation where the exchanges of energy between the United States and China will set the course for the Asia Pacific region, and Japan will only be able to follow and acquiesce in what has been determined by others. After all, even when one talks about a U.S.-Japan-China triangle, it ultimately comes down to a question of whether or not Japan can have a concept and strategy of its own worthy of occupying one point of the triangle. At the PBECCA (Pacific Basin Economic Committee) panel discussion with the theme of "Japan in the 21st century" held in Washington in May, the Malaysian Minister of Industry and Trade, Mrs. Rafidah Aziz, declared that "Japan should show a plan for what it intends to do for the world, not only a plan on how it will survive." We are asked precisely to answer on this point.

In order not to divert the discussion, I want to focus on two points. One is how to deal with China with an understanding of the new situation. I will explain it as "four principles toward China." Another is to go deeper into discussion concerning the U.S.-Japan relationship after the April "U.S.-Japan Joint Declaration."

1. Establishment of Four Principles Toward China

I will try to elucidate the four principles as a Japanese diplomatic axis concerning China. This is a diplomatic technique which China often uses, as in Zhou Enlai's "Four principles of Zhou" and Jiang Zemin's "Five Principles Toward the United States," so China should be able to understand easily. These four principles are for policy requisites for Japan to adopt in its dealings with China, with the Asia Pacific situation in mind, and constitute my private proposal, based on a process of trial and error.

The first principle is the clarification of our position toward "clearing past accounts." There is the unfortunate fact of Japan's aggression and war in our 100-year history with China, and it is certain that all the Japanese

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people must share "regret and responsibility" as a lesson of history. But the regret and responsibility that the Japanese must bear should not be simply manifest in repeated words of "apology" and reparation-type actions which can be solved with money.

Regrettably, we hear of the South Korean people's grudges for the "36 year control by Japanese imperialism" and the Chinese people's memories of aggression by Japanese militarism. There is even a report that some high-ranking Chinese officials argue that the Yen loan to China is in connection with reparations. But today, 50 years after the end of the war, and when the postwar-born generation almost exceeds 70 percent of the total Japanese population, if the postwar generation is to take over responsibility for "clearing past accounts," the way must be to maintain the will that Japan will never again become a dangerous aggressor against its neighbors.

In other words, we are to pursue the "clearing past accounts" by carrying out the idea of absolute peace and cutting off the temptation to rely on power, no matter what the situation. Standing in the spirit of the Japanese Constitution, "aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes," Japan should clearly indicate constantly to itself and to the world that it will not intervene militarily in the event of a regional dispute. The exception for the use of force would be self defense in the event of coming under attack.

As for the "clearing past accounts," it is about time that the Japanese establish a view of history which is neither self-abusive nor arrogant. Without that, we will not have a strategy toward China nor a strategy toward Asia. For that purpose, we should look squarely at the "dual character" which has been the destiny of Japan's modern history. We should talk frankly and sincerely about the history the Japanese people have experienced. The "dual character" of modern Japanese history is that Japan, which confronted the opening of the country and the Meiji Restoration under the immediate threat of colonization by European and American power and therefore was forced to push modernization led from above, aimed at creating a wealthy country with strong armed forces. The country was a front runner of Asian nationalism against the West, but, at the same time, — here was the dilemma — a late comer imperialist colonial power in the manner of the Western powers. Japan could not divest itself of this dual character and finally followed an erroneous path into the war against China and the Pacific War.

Frankly, speaking as a Japanese, when our neighboring countries bring out the "clearing past accounts" argument, such a feeling cannot be denied that "Japan alone was not at fault. Think of the Opium War." And when we are accused of the Nanjing massacre, I am tempted to argue that "we could not have killed as many as 300,000 people." But we must, at a minimum, unsparingly confirm to ourselves the errors Japan made. In 1915 Japan made its 21 article demands against China and persisted in pursuing rights and interests in Shandong Province at the 1919 Versailles Peace Conference. From about that time, Japan increased its tilt toward colonialism of the sort carried out by the Western powers, and, following the 1921 Washington Disarmament Conference, it wore itself down in the multinational power game where it participated alongside the Western powers. Finally, in 1933, it chose the wrong path of saying "farewell to the League of Nations." We need to listen once again to the "greater Asianism" speech which Sun Yat-sen, who died in 1925, delivered in Kobe in 1924.

Sun Yat-sen stated in this speech that "the Asian people have regressed during the past several hundred years and have been invaded by the European countries. But the fact that Japan revised the unfair treaties, became an independent country, and won the Russo-Japanese War gave the Asian countries hope for their independence." "Western materialistic civilization, as the civilization of science and the civilization of military power, is oppressing Asia. This is the civilization of what the Chinese call the 'rule of might.' In the Orient, there exists the civilization of the 'rule of right.' Its core characteristics are morality, humanity, and justice." "To restore Asia, we must overcome inequality, drawing on the rule of right, and solidify the unity of the Asian people." He ended his speech by challenging the Japanese with the following appeal. "You Japanese have taken on the Western civilization of the rule of might and, at the same time, possess the Asian civilization of the rule of right. For the future of world civilization, whether Japan will become a watch dog of the Western rule of might or a stronghold of the Oriental rule of right, all depends on your thinking hard and making a careful choice."

The second principle is to maintain a friendly and harmonious relationship with China, to cooperate in China's modernization, and, at the same time, to support China's participation in international society. In other words, we should invite China into international society as a constructive participant and should not become a party to the kind of thinking which would isolate and contain China.

Harvard Professor S. Huntington, the author of the "Collision of Civilizations," predicts a "second cold

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war era" between the United States and China, in place of the U.S.-Soviet Cold War structure. Also former Ambassador to Japan Armacost insists on the necessity of joint U.S.-Japan management of the China issue in order to prevent China from following a path toward military hegemony and violating international rules. Further, in Japan, there are also people such as Keitaro Hasegawa, who insists that the United States and Japan ought to cooperate to contain China which is the "last communist state and a totalitarian state." But it is impossible to contain a 1.2 billion strong "global network" of people which includes 50 million Overseas Chinese all over the world. The minute Japan is co-opted by the contain-China argument, it will lose trust and its voice in Asia. Naturally, we do not necessarily stress "Japan-China friendship." From an American-style position of understanding the universal value of liberty and democracy, Japan can at times constructively criticize Chinese practices. Japan had to struggle with its modernization, as a late-comer, to become a developed country, as a defeated country had to accept Potsdam democracy, and still today is going through trial and error. If such a Japan is to lose sympathy for "Asian values," Japan will lose its identity as a Asian country.

It is true that the "socialistic market economy," which the Chinese hold up, contains elements of a contradiction of words. But Japan itself has realized a unique capitalism which is centrally controlled and managed. So we need to observe the Chinese experiment with flexible attitude. At least China has also increased its recognition of the global economy and understands that no country can survive if it is isolated from the international economic society. But its history of internationalization is short: It joined the UN in 1971, the IMF in 1980, shifted to reform and an open course in 1992, and so on. Especially, with regard to its contact with international society in the economic field, the current situation is that the only forum China has joined is APEC. In that sense, Japan should actively support China's joining the WTO and should refrain from using support for such entry as a negotiating tool.

The third principle is to indicate clearly the Japanese position on nuclear policy.

"When we say, "we will oppose the nuclear testing of every country and aim at abolishing nuclear arms," most Japanese think that this stands to reason. But Japan has not necessarily adhered to this principle.

Perhaps from hesitation derived from the fact that Japan is under the U.S. nuclear umbrella, Japan has been hesitant to protest against U.S. nuclear testing which had been conducted 1,032 times since the war.

But when it came to the French nuclear tests conducted in the South Pacific last year, Japan quickly protested as if it had experienced a rush of blood to its head. And, as for the Chinese nuclear tests from August of last year, Japan signaled its protest by freezing capital grants. But the Chinese foreign minister retorted that "Japanese nuclear power, which itself is protected by U.S. nuclear weapons, is a threat to China," and Japan could find no words to respond and has since been wavering.

Japan should ally itself with the majority of countries in the world, which do not posses nuclear arms, in order to promote passionately its own nonnuclear diplomacy. The five major countries in the world which posses nuclear arms have been insistent on the extension of the nuclear Non-Proliferation Treaty (NPT). At the same time, they have continued to refuse to undergo inspection by the International Atomic Energy Agency (IAEA), as if it is their given prerogative, and have not complied with the nuclear arms reduction obligations (Article 6) which are specified in the treaty. Moreover, countries which possess nuclear arms and which would not even join the NPT, such as India, Pakistan, Israel, and so on, have been increasing, and countries which are tempted to acquire nuclear arms out of nationalistic ambition, such as North Korea and Iraq, are on the increase.

China joined the NPT in 1992 and is also indicating its intention to sign the Comprehensive Test Ban Treaty (CTBT) which has been put forward in Geneva. Japan is in a unique position. It has been promoting its own nuclear power development, limited only to the field of peaceful use, and includes the spent nuclear fuel reprocessing and the utilization of plutonium, while protected by the U.S. nuclear umbrella. We should value this position and promote the peaceful use of nuclear energy in the Asia Pacific region. But as for the military use of nuclear power, we should promote nonnuclear diplomacy, aiming at establishing a system of strict controls.

As a hypothesis, if in the near future a nuclear-armed united Korea emerges on the Korean Peninsula, or if China, which already possesses nuclear arms, increases its military pressure in east Asia, there will be a great temptation for Japan to arm itself with nuclear weapons and this will generate much discussion. That is precisely the circumstance in which to test the Japanese non-nuclear policy. Under whatever circumstances, Japan should stick with its "nonnuclear" policy. The time is coming when the consistent "nonnuclear policy" will be an extremely realistic deterrent to nuclear arms. The reason is that U.S. nuclear deterrent power might have been effective against the Soviet Union and China during the Gulf War era, but I cannot believe that it will

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be effective against the nuclear arms of South Korea, a U.S. ally, or to the small to medium-sized countries' nuclear arms which have been proliferating.

In an era of multilateral diplomacy, a "foreign policy doctrine" which can gain the sympathy of many countries is sought. For Japan, the country which suffered nuclear bombing, "nonnuclear arms" should be the basis of its foreign policy doctrine. The "human universal value" for which Japan can make a claim would probably be its nonnuclear arms policy. Japan should also distance itself somewhat from the U.S. nuclear umbrella and stick to logical consistency in its nuclear policy. Then it should openly protest against Chinese nuclear testing. If repeated warnings are not complied with, as in the case of the 8 June nuclear test, Japan should take action following a set standard such as freezing, step by step, not only its capital grant cooperation, but also its yen loans. Only then will the Japanese people's unyielding idea become logically apparent to international society.

Naturally, the United States has not been providing China any economic aid. Japan has provided China Y1.68 trillion between 1979 and the time of third yen loan. About 60 percent of the ODA to China from Development Aid Committee (DAC) member countries is from Japan. It is an important foreign policy measure for Japan to adhere to the application of the principles of the ODA outline.

The fourth principle is the principle of nonintervention in the Taiwan issue. Both China's and Taiwan's administrations recognize that China is one. In this context, the Taiwan issue is a Chinese domestic issue, and Japan should never intervene. Japan's position should be that the Chinese should peacefully find an answer with wisdom, however much time it may take, and may it be a "unification of states," a "federal system," or "complete unification." Even if Taiwan, which has shifted to a democratic political system by introducing the public election of the president, were to declare the "independence of Taiwan" to be a national consensus, and China, which seeks "one China," were to carry out armed aggression, Japan should never make a move to give Taiwan military aid, even if it excites Japanese enthusiasm for such an "idea."

Above all, Taiwan does not want Japanese military aid. If Taiwan were to declare independence, it is inconceivable that it would start action without the confidence that there would be a successful outcome. Even if the U.S. forces took military action to assist Taiwan's, that action would derive from the U.S.-Taiwan historical relationship. With such a background, the United States would have to make such a commitment of forces. This is different from the Japanese position. Getting ready for the invalidation of the U.S.-Taiwan Mutual Defense Treaty which would come in January 1980, with the recognition of Mainland China, the United States established the Taiwan Relations Act in April 1979. Following this Taiwan Relations Act, the United States has been providing weapons to Taiwan, and has promised that "it will deal with any force and pressure which would threaten the security and social economic system of Taiwan." Already, orders and start of delivery for the latest weapons, such as 150 F-16 fighter airplanes have started. Considering the current Taiwan lobby's influence on the U.S. Congress, if China's military invasion were to occur, the possibility is strong that the idea of the "fight to protect democracy and human rights" would be elevated and the United States would start military action.

But, even then, Japan should not take any action on the Taiwan problem. Hong Kong will revert to China next July. We should watch the response of China, which promised "one state, two systems," to Hong Kong.

As for the Taiwan issue, the people of Taiwan should first determine its course and find a solution while communicating their intentions to China.

We should stick to the principle of nonintervention in the Taiwan issue. It is not necessary, however, for Japan to be excessively sensitive to China's sentiments and to be excessively restricted in relations with Taiwan. After all, the reality is that Taiwan is an active "international economic being." Japan, which has no intention of providing military aid to or of supporting the independence of Taiwan, should not be interfered with by China when we attempt to communicate with Taiwan with the intention of having economic and cultural exchanges and when we permit Taiwan VIP's to visit Japan. We should be confident and responsible to establish transparent exchanges with Taiwan.

2. Deepening Comprehensive Strategy Toward U.S.

The year 1996 will probably be remembered as a turning point in U.S.-Japan relations. Taking as an occasion the April visit to Japan by President Clinton, the U.S.-Japan Joint Security Declaration was made, and a review of the "guidelines for U.S.-Japan defense cooperation" began. This joint declaration is a development which should be evaluated in two ways. First, as for the "base issue," which basically had not been touched since the new security treaty was concluded in 1960, the return of Marine Corps Air Station Futenma, which accounts for 20 percent of the area of the U.S. forces bases in Okinawa, was agreed. Thus, a scenario to reduce the U.S. forces bases in Japan, while strengthening U.S.-Japan defense cooperation, has become a reality. In

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other words, the chance has arrived so that we can consider the base issue no longer as a rigid issue, but as something we can discuss with flexibility. The other concerns the nature of the one-sided obligation in the U.S.-Japan Security Treaty which the Americans have been questioning. It is a simple and legitimate question: "At the time of an emergency in the Far East, why should the world's biggest debtor nation shed the blood of its young men to protect the world's biggest creditor nation? Why does Japan not have an obligation to support the U.S. forces?" In response to this question, talks have begun in concrete terms aimed at strengthening the system for Japan to provide rear support, this in addition to the acquisition and cross-servicing agreement (ACSA) in peace time.

In my previous article, "Seeking a Comprehensive Strategy For a 'Pro-America Japan Joining Asia'" ("CHUO KORON" March 1996 issue), I discussed a comprehensive strategy for the future U.S.-Japan relationship: As for the economy, we should attempt a further unification of the U.S.-Japan economic relationship. Japan should propose a framework for a new economic alliance, something like a "U.S.-Japan Free Trade Agreement," and try to realize it. At the same time, as for security, although the treaty would be premised on a cooperative U.S.-Japan military relationship, we should revise it to a "security treaty without U.S. forces bases in Japan" and conceive of a multilateral framework of "Asia regional security" with U.S.-Japan defense cooperation at its center.

The transition of the U.S.-Japan relationship since then (when my article appeared) has increased the possibility of the realization of these proposals.

As for the economic relationship between the United States and Japan, a strangely almost optimistic view is emerging, based on short-term observations. The focus of President Clinton's Japan visit in April was tilted toward the Security Treaty. As for economic friction, being conscious that this is a presidential election year, the administration moved in the direction of advocating to the public the positive results of its trade offensive against Japan. So the issue did not come to the surface. Consequently, as for economic friction, the mood is as if the worst is over. It is also a fact that, as for the background shown in figures, the U.S. trade deficit with Japan in 1995 decreased by 10 percent, to $ 59.3 billion, from the previous year's $ 65.7 billion; and in 1996, the basic trend of a declining overall deficit, by 50 percent compared to the previous year, is continuing. Also, because of the "interesting biorhythm" I mentioned earlier, the U.S.-China relationship has been undergoing strains. All of these things may be said to be influencing the small improvement in the U.S.-Japanese relationship.

In fact, such a time is exactly when we should discuss a structural adjustment of the U.S.-Japanese economic relationship, without being influenced by specific issues. In that sense, I want to propose again that we should seriously examine, from a long-term strategic viewpoint, a "U.S.-Japan free trade agreement" as a model plan that could serve as a dispute-handling mechanism. In the United States, former [sic] Democratic Senator Bill Bradley, who was once mentioned as a possible presidential candidate, and Republican Speaker of the House N. Gingrich have also started talking about a "U.S.-Japan free trade agreement."

In this article, rather than focusing on the economic relationship, I want to focus on the U.S.-Japan Security Treaty, concerning which very significant developments have taken place since this spring, and to intensify discussion of future reexamination of the security treaty.

As for the current redefinition of the security treaty, it is pointed out that there is apprehension that the character of the U.S.-Japan Security Treaty is changing: the 1960 revision produced an alliance intended to respond to an emergency in the Far East and to contain the Soviet Union; today it is becoming a mechanism to maintain peace in the broad Asia and Pacific region. Certainly the expanded interpretation of the "Far East Clause" is dangerous, and personally I am against it. But as for this point, as the bases on Okinawa proved during the Gulf War, up until now the U.S. forces' bases in Japan already had the characteristics of forward deployment bases, which are part of a global military strategy. This strategy extended to half the globe, including the Middle East. So there was a possibility that Japan would automatically become involved in U.S. operations at the time of an emergency. So we can now say that in reality, the current official mutual understanding comes closer to the actual situation. In reality, the issue is not increasing the area covered by the U.S.-Japan Security Treaty, but how and with what we should cooperate with the United States during an emergency in the Asia and Pacific region. Also at issue are where we are to draw the line and whether Japan is to have an independent ability to make judgments and have control. In other words, even if the area to which the treaty applies is expanded and the strengthening of the Japanese support system for the U.S. Forces is agreed upon, Japan should not take action to support the U.S. forces in every dispute within the area covered. "Japan's judgment" (ability to exercise control) in each specific situation is important.

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I believe that it is possible and not contradictory to pursue the strengthening of the U.S.-Japan defense cooperation structure along with establishing Japanese independence. Better, my judgment is that it is in Japan's national interest to let these two activities coexist. What I want to stress, above all else, is how important it is for Japan to establish its independence: we must construct a system and foundation that would enable us to draw a line separating us from U.S. actions and to be selective in choosing our course of action in accordance with our own judgment during an emergency. It is not good to be somehow automatically drawn into a U.S. "just war." Japan must hypothesize conceivable emergencies, establish an intelligence system, and make an effort to avoid emergencies. At the same time, Japan should make preparations to enable it to judge immediately what the most appropriate response strategy for an emergency will be.

We fully experienced just how deplorable the reality of Japan's condition was at the time of the Gulf War five years ago. As was made evident in Alan Friedman's book, "Who Raised Saddam?" ("Spider's Web," 1993. Japanese translation, published by NHK), there was a circumstance connected to the Gulf War: the United States, shocked by the 1979 Iranian revolution, continued to support Iraq throughout the 1980s because of its opposition to Iran. "The United States itself approved and promoted most of the finances, information, and technology exports supplied to Iraq, and these actions increased the military threat posed by Saddam. So there was no other choice than to hit him with a war in order to subdue him." In other words, the United States whitewashed the failure of its policy in the region before others became aware of it. This produced a situation in which "[Japan] was obliged to supply $ 1.3 billion to support the multinational forces, including aid to neighboring countries." The pretext was that "it was Japan's international responsibility in the interest of world order," and that " it was an appropriate contribution to help secure Japan's lifeline and petroleum supplies." Unless Japan acts with really solid judgment, it can be expected that in the future it will be put in a similar position.

A concrete objective for establishing Japanese independence on security issues is the reduction of the U.S. Forces bases in Japan and a step-by-step transition to a "Security Treaty without bases." I have already mentioned the negative feelings and partial contempt in the Americans' deep psyche directed toward the Japanese. It is also true that their view of the Japanese as unfair and crafty is associated with their perception that Japan is taking a "free ride on defense." In order to gain respect in international society, we should at least question the wisdom of the fact that as many as 47,000 foreign military men continue to be stationed in our country.

What I want to talk about is not narrow nationalism, but flexible globalism and international common sense. Some people argue that U.S. forces bases are also in Germany and that the presence of the bases does not necessarily have anything to do with Japan's independence and self-respect. But in Germany, it has constantly reexamined the base issue in the 50 postwar years and has been accumulating actions aimed at making the U.S. presence symmetrical with group security, namely with the structure of NATO and the Organization of Security Cooperation in Europe (OSCE). In the case of Japan, it has become very much accustomed to depending on U.S. forces for its own security and has never put the base issue on the negotiation table with national pride at stake.

To reduce the bases is to increase our responsibility for our own security. But at the same time it means to constrain the risk of getting involved in a U.S. war because of the base presence. Moreover, before Japan seeks base reductions, it is also possible that, against the backdrop of the changed situation in the Far East and the "inward-looking trend" in the United States, the United States itself could shift its Asia policy, decide to reduce the bases, and withdraw.

In that case, to work for a long term program for "base reductions" and push forward a review of the Security Treaty is a highly rational approach in order to be prepared for such an eventuality.

At the same time, along with advancing base reductions, as for U.S.-Japan military cooperation, we should take a step toward a cooperative structure that is fair and reciprocal in its obligations. As for the situations where Japan judges independently that it should provide support, it should actively cooperate with the United States. In that context, the review of the "guidelines for U.S.-Japan defense cooperation" is important. Certainly, it is not easy to compile new guidelines in a way in which the strengthening of U.S.-Japan military cooperation would not lead to asserting the "right of collective self-defense, which has been viewed as prohibited by the Constitution." But it is not simply to expand the framework of cooperation through a "change of the Constitution by interpretation." What is important is for the Japanese people to determine independently, when an emergency occurs, the sphere of possible cooperation, while still paying heed to Constitutional restrictions. At the same time, in order to achieve that objective, we must change the current situation, in which we have no choice but to depend excessively on U.S. forces in the event of a military attack against Japan. To do that, we must pre-

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pare strong, purely defensive military power within the sphere of the "right of individual self-defense." Also, in order to strengthen our defense-only defensive power, to be accompanied by effective self-restraint, our own efforts, such as the development of a sophisticated missile defense network, is important.

Some people point out that even if Japan stresses its own independence, it is after all protected by the U.S. nuclear umbrella, and that within the framework of the U.S.-Japan Security Treaty, its "independence" is limited. But the Cold War is over, and the content of "nuclear deterrent power" is changing. As seen in a paper entitled "The Information Revolution and the New Security Order," by former Assistant Secretary of Defense Professor J. Nye, there are discussions that have taken account of the changed character of the game, namely that the "information umbrella is replacing the information revolution." Also, unlike the days of the "power of deterrence" against Soviet nuclear arms, in an era in which we must assume the likelihood of a complex future situation for nuclear development in Asia, merely being under the U.S. nuclear umbrella does not necessarily mean safety. The more complex the game surrounding nuclear arms in the world becomes, the more effective the "deterrent power against nuclear arms" will be for Japan if it sticks with its nonnuclear policy. A nuclear weapon is more than a military weapon. It is the ultimate "divine weapon," which could deny the continued existence of human beings; and a nonnuclear policy is to "know fear." In order to make nuclear arms an unusable weapon, we need to place ourselves outside the nuclear arms game.

Fundamentally, Japan must work through its pursuit of creating a new multilateral order in the Asia Pacific region, while keeping the U.S.-Japan bilateral relationship—that is, the alliance relationship in both its economic and military aspects—at its center. When we do that, we must consider the Japanese course with the premise in mind that U.S. foreign policy in Asia and the Pacific is unstable and uncertain as to its continuity and strategy. Surely the superiority of U.S. information technology, the increased expectations for the role of its military presence, and the revitalization of U.S. industry, in a sense remind us of the revival of the "American century." And there is a certain continuity in an approach that promotes the American ideology of "freedom and democracy." But if we observe the American people's "inward-looking consciousness," which is tilting toward giving priority to their country's benefit (America first) and, further, the proliferation of the political leadership's opinion and sense of responsibility, we cannot expect that the United States will build a systematic Asia Pacific foreign policy.

The foreign policy cannot be formed without the resolve to decide its own destiny. Moreover, to influence the U.S.-Japan-China triangle and to steer through the era of multilateral diplomacy, we must coolly recognize our own strength, raise up the "concept" we must aim at, and build the political consent necessary for its realization.

By chance, in the spring of 1996, we lost two intellectuals, Ryotaro Shiba and Masaaki Kosaka, who had been discussing Japan's course from a historical perspective. We must consider the "'realism' for a merchant nation," which Ryotaro Shiba viewed as important, and the "destiny of the trading nation, Japan," which Masaaki Kosaka pointed out, and seek our course. Being neither the diminutive follower of the United States nor a country that declines the status of a country on the periphery of China, we must make best use of the course of a "lightly equipped, economic nation" which the postwar Japanese have valued in the 'global economy' era. For Japan, which could become a "naturally closed country" if nothing is done, we must thoughtfully challenge the task of mapping out our international relations from a long-term historical perspective.

Japan: Latvia Backs Tokyo's Bid for Nonpermanent UNSC Seat

OW0208075196 Tokyo KYODO in English 0718 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Latvia supports Japan's bid for a 1997-98 nonpermanent seat on the U.N. Security Council (UNSC) in this fall's election, Latvian Foreign Minister Valdis Birkavs said Friday.

Birkavs, who arrived in Tokyo on Monday [29 July] for a six-day visit, made the remark in a meeting with Foreign Minister Yukihiko Ikeda, a Foreign Ministry official said.

Ikeda expressed appreciation for Latvia's support, the official said.

He also told Virkavs that Japan has decided to extend technical assistance to Latvia and is planning to send a mission to study what specific cooperation can be offered, according to the official.

Virkavs sought Japanese private companies' direct investment in his country, adding that Latvia wishes to join the European Union and the World Trade Organization in the future.

Citing calls in Russia for the inclusion of Latvia into the Commonwealth of Independent States (CIS), he also reiterated Riga's hope to join the North Atlantic Treaty Organization.

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The CIS is a bloc consisting of former Soviet republics.

Latvia regained independence from the Soviet Union in 1991 along with the two other Baltic states — Estonia and Lithuania.

Tokyo Dispatches Second Group of Peacekeepers to Golan Heights

OW0208033096 Tokyo KYODO in English 0251 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — A group of 22 ground self-defense force personnel left Narita Airport Friday to replace the first contingent participating in a U.N. peacekeeping mission in the Israeli-held Golan Heights.

The second contingent will carry on the duties of the first contingent, which was dispatched in February.

The Japanese troops have been backing up the operations of the U.N. Disengagement Observer Force (UNDOF) based at Faouar, Syria, and have been engaged in road maintenance and transportation of food and other daily necessities for UNDOF.

Japan: CITIC Chairman Urges More Technical Transfers

OW0108233296 Tokyo KYODO in English 2011 GMT 1 Aug 96

[FBIS Transcribed Text] Osaka, Aug. 2 KYODO — The chairman of China's largest investment company called for Japanese companies Thursday [1 August] to step up technical transfers to China, saying they are lagging behind their U.S. and European rivals in this respect.

"Japan is the second largest business partner for China in terms of trade value," Wan Jun, chairman of China International Trust and Investment Corp. [CITIC], told a summer forum of the Kansai Economic Federation. "But it ranks fourth in investment."

Major Japanese investors in China are small manufacturers, financial institutions and real estate companies, Wan said, noting Japanese companies are providing less technical cooperation to China than U.S. and European companies.

Meanwhile, Wan said China expects to "rank middle among developed economies by the early next century."

He stressed the need for transition to a quality-oriented economic structure through development of ports, telecommunications and other areas of infrastructure as well as introduction of advanced technology and foreign capital.

The Chinese investment concern has made headlines with its acquisition of Cathay Pacific Airways and other deals.

The company is robustly investing in the financial, auto and other sectors in the inland provinces of Sichuan and Henan, where development efforts have been slower than in booming coastal provinces, Wan said.

Japan: Banks To Boost Presence in Burma

OW0208095596 Tokyo KYODO in English 0840 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — Major Japanese banks have moved to strengthen their presence in Myanmar [Burma], fueled by the expansion of Japanese enterprises in the country, industry officials said Friday.

The officials said five Japanese banks, including the Bank of Tokyo-Mitsubishi, have already opened representative offices in Yangon [Rangoon] while at least two others, Dai-Ichi Kangyo Bank and Sakura Bank, plan to join the forerunners in fall.

"It will still take several more years for the Japanese banks to upgrade their offices to branches," said an executive of a major bank, citing political instability in Myanmar and its web of economic regulations, including a restriction on the remittance of profits to home offices.

However, the official, who declined to be named, noted the country's potential to become a major market in the region.

The advance into Myanmar by Japanese financial institutions was triggered by the opening of a representative office by the Bank of Tokyo in Yangon last August, the industry officials said.

It marked the return to Myanmar after an interval of 11 years by the bank, which was reborn in April as Bank of Tokyo-Mitsubishi through a merger with Mitsubishi Bank, they said.

The Bank of Tokyo previously maintained the office there when the country was called Burma.

Following the Bank of Tokyo-Mitsubishi's lead, Fuji Bank opened an office in Myanmar last December, followed by Sumitomo Bank and Tokai Bank in May this year and by Sanwa Bank in July.

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Japan: Hashimoto's True Colors Expected To Show After Election

OW0208090096 Tokyo EKONOMISUTO in Japanese 6 Aug 96 p 26

[Article by Kazuo Nagasaki, MAINICHI SHIMBUN editorial writer: "The Prime Minister is Less Worried About Winning or Losing and More Concerned About Showing His True Colors After the General Election"]

[FBIS Translated Text] There are only two months remaining before October's extraordinary session of the Diet, and the one question that must be running through Prime Minister Ryutaro Hashimoto's mind is what the political situation will be like following the election, and not whether he will win or lose the election. How smoothly will the Hashimoto government be able to launch a second term, since, as a secondary issue, whatever the outcome of the election, the Liberal Democratic Party [LDP] is not expected to have a majority?

Approval ratings for the Hashimoto government and the LDP are definitely trending upward. For example, look at July's current public opinion poll. Support for the cabinet is at 44.4 percent, up 3.5 points from the previous month, and at a level close to the 46.8 percent received in January when the cabinet was inaugurated. All things considered, the 24.9 percent approval rating for the LDP is decidedly high compared to 6.6 percent for the Shinshinto [New Frontier Party] and 4.3 percent for the Social Democratic Party [SDP]. Even with the high approval rating, it is not a given that the LDP will obtain a majority.

Since the formation in 1955 of the [two big-party] system, there have been 13 general elections. In four of those elections voter turnout reached 70 percent. However, with the exception of the Okinawa referendum election of 1969, when the House of Representatives was dissolved under the Sato government (68.5 percent voter turnout), the LDP has suffered only three miserable defeats.

Voter turnout for last year's House of Councillor's election was 44.5 percent, meaning 11 of 20 individuals abstained from voting. In a public opinion poll conducted by the mass media prior to the election, 25 percent of those polled supported the LDP; 15 percent, the New Frontier Party; and 10 percent, both parties. In the proportional district elections, the LDP received 11 million votes, to 12.5 million cast for the New Frontier Party. In other words, when voter turnout is low, a high approval rating for the LDP does not necessarily mean it will get a correspondingly large number of votes.

Looking only at the single-seat constituency with proportional representation system which will be introduced in the upcoming election to allocate parliamentary seats — with an increase in the number of voters not aligned with any party — it appears that urban voter turnout will be correspondingly low. However, seats in urban areas will be increased and redistributed, with rural over-representation under the multiple-seat constituency system being adjusted.

If the election goes as anticipated, the LDP cannot hope for much from the big cities. In Osaka, for instance, there are 19 single-seat constituencies, and the LDP will probably do poorly, winning no more than two or three seats.

A poll was taken in late June so it is a bit outdated, however, Katsuhiko Shirakawa, director of the LDP's General Affairs Bureau, explained, "Every month we spend money on polling figures. The LDP has 165 single-seat constituencies; the New Frontier Party, 105; and the SDP/New Party Sakigake, 30. In the proportional constituencies, the SDP/New Party Sakigake has 30; the Japanese Communist Party [JCP], 20; with the LDP and New Frontier Party scrambling for the remaining 150." When Yukio Hatoyama's New Party Sakigake was formed, the New Frontier Party claimed that it would be hurt. Still, no matter how hard the LDP tries, it cannot expect to get more than 240 seats.

Now back to the main topic.

Even in breaking up the LDP majority, the other ruling parties of the coalition, the SDP and New Party Sakigake, are not really wielding much power. Correcting the political situation by backing the "tripolarity" envisioned by, among others, Hatoyama has become necessary. Prime Minister Hashimoto is paying the utmost attention to this sentiment by moving in the direction of cultivating the "allied parties" via an agenda calling for dissolving the House of Representatives and holding a general election, as well as by undertaking political reform. In the extraordinary session of the Diet, part of his plan is obviously to seek the overturning of a special law, in the case of Okinawa, and nursing insurance. LDP Secretary General Koichi Kato, too, has made a friendly ally of New Party Sakigake's Secretary General Hatoyama, and in establishing "the principle of fostering tripolarity," has apparently reached a tacit understanding with the prime minister on managing the political situation.

The prime minister is becoming more and more prudent because he must look not just at what effect dissolving parliament will have on the LDP but seriously consider the impact on his "allied parties," too.

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Japan: Citizens Protest Hashimoto's Yasukuni Shrine Visit

OW0208092196 Tokyo KYODO in English 0900 GMT 2 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 2 KYODO — About 30 Japanese citizens protested Friday in Tokyo against Prime Minister Ryutaro Hashimoto's Monday [29 July] visit to Yasukuni Shrine, where Japanese military war dead, including convicted World War II war criminals, are enshrined.

"We strongly protest the Yasukuni Shrine visit of Prime Minister Hashimoto, who takes the military war dead as heroes," said Takemitsu Ogawa of a war-bereaved association which terms itself "Peaceful."

A woman from another antiwar group said, "we absolutely cannot agree with his Yasukuni visit which constitutes justifying the war."

In front of Hashimoto's official residence, people from more than a dozen civic groups voiced their objections through a loudspeaker for an hour under the scorching summer sun.

They held banners and signs, with one reading, "if you glamorize past errors, we will again head for war."

Hashimoto on Monday became the first incumbent prime minister to visit the Shinto shrine since Yasuhiro Nakasone did so in 1985.

Japan: ASAHI Polls on "Jusen," Political Parties, Okinawa Bases

962B0110A Tokyo ASAHI SHIMBUN in Japanese 23 Mar 96 p 8

[Article on ASAHI Survey in Shizuoka Prefecture: "Independent Voters Increasing Gradually; Interest in "Jusen" Problem, Politics Grows"] [FBIS Excerpted Text]

Critical Points of Election Survey in Shizuoka

In order to investigate trends in voter consciousness, since March of last year ASAHI SHIMBUN has been conducting continuously a survey of Shizuoka City, which resembles the national average in such things as movement in population makeup by age, employment structure and the rate of votes gained by each party in the upper house proportional representation election district. This time we selected anew 2,000 Shizuoka City voters by a two-stage random sampling method, and on 9 and 10 March questioned by phone 1,611 whose telephone numbers we ascertained. We obtained responses from 1,349. The rate of response of persons whose telephone number we ascertained was 84 percent, the rate of response for the entire sample was 67 percent. Last year, in addition to conducting large telephone polls four times in a row, in March, July, October, and December, we selected 350 from among those polled and conducted a detailed follow-up survey, conducted intensive interviews with independent voters and so on.

Voters' Current State While on the one hand, voter interest in politics shows a great increase against the background of the "jusen" [housing loan companies] problem, the independent voter segment, which "has no party which it supports," is growing. In the critical-points surveys (conducted on 9 and 10 March) which ASAHI SHIMBUN is continuing to conduct in Shizuoka City, pursuing trends in voter political consciousness, it surfaced that a brake is being put on the attraction of the two major parties, the LDP [Liberal Democratic Party] and New Frontier Party, showed in the latter half of last year, and that a trend has emerged again in which the distance between voters and political parties is widening. Among independent voters, 30 percent answered that it would also be "impossible" for them to support a political party in the future, but 46 percent answered "I would support the present political parties if they changed," and 17 percent answered "I will support a new party if one is formed," so the appearance that the majority of independent voters are still searching for a party to support was also clear.

Over 60 Percent Desire Party Change, New Parties

Thirty Percent Also Reject Political Parties in Future; a Brake Put on Two Major Parties' Power To Attract

Assessment of New Frontier Party Evenly Split

The Problem of U.S. Military Bases in Okinawa: The Greater the Interest in Politics, the More They Seek Reduction Rather Than Moving; Also Affirmative on Accepting Base in Own Locality

In the survey this time we asked 1,349 voters such things as the party they currently support and the main parties they supported at the time of independent LDP government about 3 years ago. The result was that current support is LDP: 20 percent, New Frontier Party: 13 percent, Japanese Communist Party [JCP]: 4 percent, Social Democratic Party [SDP] (former Social Democratic Party of Japan [SDPJ]): 3 percent, New Party Sakigake: 1 percent and so on. Independents who support no political party were 54 percent.

The persons polled were not the same, so a simple comparison is impossible, but if we compare it with

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the December 1995 poll, the fact that the LDP lost 8 percent stands out. The New Frontier Party and JCP each increased by 1 percent, and the SDP declined by 1 percent. The SDP fell below the JCP. Such things as the fact that the prospective SDP candidate has not been decided on in the Shizuoka First District, which will be the election district for Shizuoka City in the next general election, are judged to also be influencing it.

If we look at it—including last year's four big dicisive points of polls— the independents have been growing gradually since the October 1995 poll (50 percent), and are approaching the 57 percent of immediately before the unified local elections of spring 1995 when the "independent whirlwind" became a hot topic.

Another special characteristic of the poll this time is the increase in interest in politics. Seventy two percent of all who responded answered "interested in politics;" including last year's polls, it was the first time that it reached the 70 percent level. Of those who were interested, 62 percent answered that they had lost their degree of trust in government because of the "jusen" problem, all of 10 percent higher than those who were not interested in government. And from the fact that 65 percent of the interested group answer that the image of political parties deteriorated because of the "jusen" problem (39 percent of the group which is not interested) and so on, we inferred that the "jusen" problem is one of the things behind the increase of interest in politics. [passege omitted]

Comparing it with the December 1995 poll, in this time's poll the interested group increased by all of 16 points, but within it the ratio which those who support a party occupy within all respondents is virtually unchanged. In mathematical terms virtually all the people who newly became interested in politics belong to the independents, so the increase in the political interest of independents appears to be pushing up all voters' interest in politics.

Sixty eight percent of all independents are interested in politics. The large graph looked at the degree of political interest and so on of the group within the independents which rejects political parties in the future, the group which desires change in political parties and the group which looks forward to new parties. Fifty eight percent of the rejecting group, 71 percent of those who hope for change and 79 percent of those who look forward to a new party, the highest, "are interested." The interest of those who have announced their divorce from political parties is comparatively low, but there is a trend that the higher the interest in politics, the greater the hope for big changes in political parties.

Looking at it separately for men and women, women exceed men in the group which rejects parties and the group which hopes for a change, but men are an over 60 percent majority in the group which looks forward to a new party. And when we look at the parties which were supported before the breakup of the LDP three years ago, in contrast to the fact that original independents, who also did not support a party then, account for one-half of the rejecting group, they are fewer in the group which looks forward to a new party and the group which hopes for change, 26 percent and 21 percent respectively. Conversely, most of those in the groups which look forward to a new party and hope for change belonged to the groups which supported the LDP and SDP.

Thirty Five Percent Say Image of LDP "Deteriorated"

How is the "jusen" problem influencing the images of political parties? In the place where we had people list one political party whose image had deteriorated because of the "jusen" problem, over one in three listed "the LDP," it was the top. Judging from the fact that it could also be inferred that the birth of the Hashimoto government has become a plus factor for the LDP, there appears to be no doubt that the "jusen" problem is the main cause of the fall in the LDP's rate of support. But the New Frontier Party was in second place in image deterioration, perhaps influenced by such things as the Diet sit-in tactics to resist the bill to liquidate the "jusen," so virtually all of the points which it earned by such things as "opposition to 'usen'" have been cancelled out.

Thirty five percent of all respondents answered that the LDP's image had deteriorated most because of the "jusen" problem. Even within the group which support the LDP, 21 percent pointed out deterioration of its image, and 54 percent of the group which supports the New Frontier Party, and even with a government party, 40 percent of the group which supports the SDP listed "the LDP."

Thirty Six percent of all independents answered that the image of the LDP deteriorated. Taking it by the political party which the independents supported three years ago, 42 percent of the group which supported the LDP claim that the LDP's image declined, higher than the groups which left other parties. One sees a situation in which, to the group which left the LDP and became independent, the "jusen" problem has become an obstacle to returning to support of the LDP.

In response to the question of whether they think that, overall, the LDP has changed in a good direction, only

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15 percent of the whole answered "I think so." Seventy two percent chose "I do not think so." The grading was strict even in the group which supports the LDP, with those who thought it had changed for the better at 37 percent, and those who do not think so at 48 percent. But concerning Ryutaro Hashimoto, who became an LDP prime minister after a two and one-half year break, 69 percent of the group which supports the LDP and 50 percent even of the group which supports the New Frontier Party answer "Prime Minister Hashimoto is doing well," so almost one-half of the whole were favorably disposed toward him.

Conversely, when we asked "what party's image improved because of the "jusen" problem, 12 percent listed the New Frontier Party and 7 percent listed the JCP, but at 68 percent "no party's image improved" was overwhelming. In another question 59 percent answered "my confidence in politics declined because of the 'jusen' problem," among which 68 percent of the independents claimed a decline in confidence, which great exceeded the 42 percent of the group which supports the LDP and the 55 percent of the group which supports the New Frontier Party. One can infer that the "jusen" problem has damaged the image of politics as a whole.

In this time's poll we also asked about a plan for moving U.S. military live-ammunition exercises to the Higashifuji Range located approximately 60 kilometers northeast of Shizuoka City which has surfaced in connection with the moving of U.S. military facilities in Okinawa.

Concerning U.S. military bases on Okinawa, 70 percent of respondents replied "We should aim at reducing U.S. army bases, not moving them," so the general trend advocated reduction. Viewing it according to which party the respondents supported, the aim of reduction was strongest in the group which supported the SDP, at 85 percent. The trend to seek reduction was also strong among supporters of Sakigake and the JCP and among independents. Advocates of reduction were 64 percent among supporters of the LDP and 69 percent among supporters of the New Frontier Party; conversely, there were many responses "things are fine as they are" (LDP 13 percent; New Frontier Party 7 percent) and "they should be moved to the main islands" (LDP 15 percent; New Frontier Party 18 percent). On this point one could infer a diagram resembling the 1955 setup rather than the present framework of government and opposition parties.

If we classify responses to this question according to whether or not people were interested in politics, 75 percent of those interested in politics answered "aim at reduction," but 58 percent of those not interested in politics gave that answer. Furthermore, in regard also to the fact that Shizuoka Prefecture's Higashifuji Range is being studied as the place to which live-fire exercises being conducted in Okinawa would be moved, the most numerous answer among those who are interested in politics was the 36 percent for "should be accepted," but among those who were not interested, the most numerous was the 27 percent for "should continue in Okinawa." Concerning the Okinawa bases it appears that one can say that the greater the interest in politics, while seeking reduction rather than moving, the more tolerant they also were toward acceptance into the local area.

North Korea

DPRK Paper Urges Repeal of 'National Fund' for 'Comfort Women'

SK0108142496 Pyongyang KCNA in English 1335 GMT 1 Aug 96

[FBIS Transcribed Text] Pyongyang, August 1 (KCNA) — Voices demanding repeal of the Japan's "national fund" for the "comfort women for the Japanese Army" and the state compensation are loudly ringing out in South Korea, according to Koreans' newspaper "MINJOK SIBO" published in Japan.

Some 200 members of the society of bereaved families of the victims of the Pacific War rallied in Seoul a few days ago to urge the Japanese Government to make an open apology for the "comfort women" issue.

Members of the Measure Council for the Volunteers' Corps Issue and survivors of the victims held a demonstration in Cheju Island.

The demonstrators denounced the Japanese authorities for trying to gloss over the state compensation regarding the "comfort women" issue and strongly urged them to admit the government-level legal responsibility.

DPRK: Vice Marshal Choe Kwang Sends Greetings to Syrian Army

SK0208094896 Pyongyang KCNA in English 0854 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) — Marshal of the Korean People's Army Choe Kwang, minister of the People's Armed Forces of the DPRK, sent a message of greetings to Mustafa Talas, deputy commander-in-chief of the Syrian Army and Armed Forces and deputy prime minister and defence minister, on the 50th anniversary of the foundation of the Syrian Army and Armed Forces.

The message said the peoples and armies of Korea and Syria have supported and closely cooperated in the struggle to realize the common purpose and ideal.

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It expressed the conviction that the friendly and cooperative relations between the armies of the two countries would grow stronger and develop in the future.

DPRK: Advantages of Najin-Sonbong Free Trade Zone Noted

SK0208093996 Pyongyang KCNA in English 0814 GMT 2 Aug 96

[FBIS Transcribed Text] Pyongyang, August 2 (KCNA) -- The Najin-Sonbong Free Economic and Trade Zone is on the west shore of the lower Tumen River in the northeast of Korea.

The zone covers an area of 746 square kilometres. It is one of wide free economic zones in the world.

The zone is called "Golden Triangle" because it has very favorable geographical and economic conditions.

This zone borders on China and Russia across the Tumen River and faces Japan across the sea.

It has Najin Port, Sonbong Port and Chongjin Port respectively with an annual capacity of three million tons, two to three million tons and eight million tons.

The ports can be open all the year round as the waters are deep and unfrozen in winter. It is possible to increase the turnover capacity of Najin Port to more than a hundred million tons without building a breakwater.

The railways and motorways in the zone can transit twelve million tons in a year.

The zone, located in the centre of Northeast Asia, can be a route for quickest and most efficient economic exchanges and a vantage-point and bridgehead to link Japan with Northeast China, Russia and European countries.

If cargo is transported through this zone from Hunchun, China, to Niigata, Japan, it will take one tenth of the motorway and less than a half of the sea route compared with the course via Dalian, China. The course from Japan to Europe via Najin Port is a half as long as the course through the Atlantic.

The Najin-Sonbong Zone and its vicinity have rich manpower and forest and fishery resources as well as underground resources such as iron ore, coal, magnesite and raw material of ceramics.

In this zone, there are many sea resorts, hot-springs, some 20 islets, fur-seal and bird reserves and other tourist resources.

DPRK: Abiding by Internationalist Principle Stressed

SK0108233096 Pyongyang Korean Central Broadcasting Network in Korean 0753 GMT 29 Jul 96

[Unattributed talk: "Abiding by the Internationalist Principle and the Revolutionary Fidelity Is Our Consistent Position"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il pointed out: We have consistently abided by the internationalist principle and revolutionary fidelity in our relations not only with the parties and states of socialist countries, but also with all other friendly countries and peoples.

The independent cause and socialist cause of the popular masses are a national as well as international cause. Out of a high responsibility and a lofty sense of duty for the independent and socialist cause of the popular masses, our party and people have been invariably faithful to the internationalist principle and to revolutionary fidelity.

The internationalist principle refers to a principle by which the people of countries carrying out the revolution, and people who value independence, support each other, cooperate with each other, and strengthen their friendship and solidarity in the revolutionary struggle and in construction work in order to achieve and defend the social and class liberation as well as national independence and sovereignty.

The internationalist principle is the most just code of conduct for a revolutionary people, which was brought forth by generalizing not only the practical experience gained during the process of a long and arduous revolutionary struggle to realize the independent demand and aspiration of the popular masses and to oppose class and national oppression and exploitation, but also the prerequisite and lawful demand for its victorious development.

Abiding by the internationalist principle and revolutionary fidelity is an essential condition for the development of the independent cause of the popular masses on a national and international scale, as well as an important guarantee ensuring its victory. When friendship, solidarity, mutual support, and cooperation are strengthened, we can triumphantly smash the challenge by the world's reactionary forces, which have internationally conspired with each other, and can achieve the anti-imperialist independent cause and successful march of the world's revolution.

In our relations with the parties and states of socialist countries, as well as with all other friendly countries

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and peoples, we have consistently abided by the internationalist principle and revolutionary fidelity.

Our people are a people who have a high sense of obligation and who value solidarity, friendship, and cooperation with people throughout the world. It is the characteristic of our people to highly display revolutionary fidelity, comradeship, and the spirit of cooperation, and to abide to the end by the promises we have made. We regard it as our pride to positively work to strengthen friendship, solidarity, and cooperation with all progressive countries and nations throughout the world.

Our faithfulness to the internationalist principle and to revolutionary fidelity has been displayed and proven by our actual practices. Internationalism and revolutionary fidelity are the immovable principles for the foreign policies and activities of the party and government of the Republic. The internationalist principle and revolutionary fidelity are thoroughly embodied in all our foreign policies and lines.

It is a well-known fact that the party and government of the Republic regard independence, peace, and friendship as their basic foreign policy idea. This foreign policy idea is a common idea for mankind; is of universal significance in international relations; and is clear proof of our internationalist principle and revolutionary fidelity.

In the past, both physically and spiritually, we helped and supported the struggle of the peoples of other countries in their national liberation, even under difficult conditions, by displaying the internationalist spirit and revolutionary fidelity.

When people of many countries achieved national independence and began the construction of a new life, we unselfishly helped them by sharing our experience and by offering material support. We also continue to support and encourage their work in building a new life.

Our Republic has established friendly and cooperative relations with many countries throughout the world on the basis of sovereignty and internationalism, and are endlessly solidifying and developing it. In doing this, we never pursue our own interests only, nor do we carry out acts that betray our faithfulness. We develop foreign relations based on the position of mutual tradition, noninterference in internal affairs, and reciprocal cooperation.

Abiding by internationalist principles and revolutionary faith is the will and intention of the great leader [widaehan suryongnim] and the respected and beloved general [kyongaehanun changgunnim]. The great leader [widaehan suryongnim] and respected and beloved general [kyongaehanun changgunnim] are the highest incarnation and symbol of internationalism and revolutionary morality and faith.

The noble internationalist spirit and revolutionary faith of the great leader [widaehan suryong] Comrade Kim Il-song can be well understood from his visit to 80 foreign countries on 50 occasions while he was alive. Engraved in the course he walked throughout his visits to foreign countries are brilliant traces of the international unity of friendship, solidarity, and cooperation.

While he was alive, the great leader [widaehan suryongnim] made close acquaintances with party, state, and government leaders of many countries of the world, as well as dignitaries and fr)ends from many circles, including political, social, academic, and press and publication circles. He created a brilliant history of internationalist significance as well as a revolutionary morality and faith.

The revolutionary significance and noble morality and faith of the great leader [widaehan suryong] Comrade Kim Il-song are brilliantly embodied today in the highest stage by the great leader [widaehan yongdoja] Comrade Kim Chong-il.

The great leader [widaehan yongdoja] Comrade Kim Chong-il is constantly respecting party and state leaders, as well as dignitaries and friends from political, social, academic, and press and publication circles from many countries throughout the world, all of whom the great leader [widaehan suryong] Comrade Kim Il-song became acquainted with while carrying out his foreign activities. He also supports revolutionary comrades-in-arms and the fraternal people who unselfishly helped our people during the difficult times of our revolution, and people of all the countries who support and encourage our people's just cause.

History does not know of as great a human being and great politician as the fatherly leader [oboi suryongnim] and the respected and beloved general [kyongaehanun changgunnim], who are both possessed with a lofty internationalist spirit, brotherliness, and revolutionary morality and faith.

Continuing to loyally abide by internationalist principles and revolutionary faith is our unerring will and position. We oppose all kinds of wrong trends of thought and acts that run counter to internationalism and revolutionary faith. In addition, by actively supporting and encouraging the struggle by people of all countries to achieve independence, we will actively contribute to promoting the anti-imperialist cause for independence and for the advance and victory of the world revolution.

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When all people of all countries who are defending independence remain loyal to internationalist principles and revolutionary faith, their strength will be extraordinarily consolidated and the just cause of the people who aspire to independence, peace, and friendship will be achieved.

South Korea

ROK: Key Sanctions on DPRK To Remain Even if 4-Way Talks Proceed

SK0208082496 Seoul CHUNGANG ILBO in Korean 2 Aug 96 p 2

[By reporter Pae Myong-pok]

[FBIS Translated Text] It has been learned that even if North Korea agrees to hold four-way talks, the U.S. Government will not lift the key economic sanctions on it, such as unfreezing North Korean assets in the United States and ending the embargo.

A U.S. diplomatic source well versed in North Korean-U.S. relations said on 1 August that although the U.S. Government has already prepared a plan to ease the economic sanctions on North Korea, which will be implemented in case North Korea agrees to the four-way talks, it will not include such key issues as lifting the freeze on North Korean assets in the United States, lifting the embargo, and allowing U.S. businesses to make the direct investments in North Korea which North Korea is demanding.

The source said that if the joint explanatory meeting on the four-way talks is held, the United States will present to the North Korean side the outline of the measures for easing sanctions on North Korea, which will follow materialization of the four-way talks. The source added: "However, the U.S. Government's position is that it should maintain these key sanctions well into the future in order to secure political leverage for such pending issues as missile exports, the return of U.S. soldiers' remains, human rights, and support for terrorism."

ROK: DPRK Urged To Solve Problems by Cooperation With ROK

SK0208090396 Seoul SEOUL SINMUN in Korean 2 Aug 96 p 3

[Editorial: "Serious North Korean Flood Damage Reported Again"]

[FBIS Translated Text] It has been reported that North Korea suffered serious flood damage this year as well as last year. Through a Korean Central News Agency [KNCA] report, North Korea has said that unprecedented torrential rain caused serious damage to an extensive area in North Korea. The report said that 475mm to 730mm of rain fell in North and South Hwanghae Provinces since the rainy season began in the middle of July, flooding Hwanghae Iron and Steel Works and causing damage to crops in the grain-producing area of the West Coast, including the Yonbaek Plain, making it impossible to properly harvest crops.

Meanwhile, according to an official of the World Food Program [WFP], the flooding in North Korea caused millions of people to suffer damage and claimed hundreds of people's lives.

The damage from the recent flooding in North Korea must be a severe blow to North Korea as it happened under circumstances in which more than half of the 400,000 hectares of arable land that had been flooded last year, has been rehabilitated. Above all, it may well decisively worsen the North Korean food shortages, leading to the worst famine ever across the country. The issue of giving aid to North Korea may surface as a major issue again in the international community.

Instead of hiding the flood damage as it did in the past, North Korea disclosed it to the international community swiftly. This is in contrast with the North Korean disclosure of the flooding of Supung Lake a month after it suffered flood damage last year. According to a report, North Korea requested that an official of the UN Development Program [UNDP] in Pyongyang visit the flooded area in North Korea to check the damage. It is evident that North Korea is following this path in order to request assistance from the international community.

Here we have something to say to the North Korean authorities — that is, they should seek a solution from a nearby place. Instead of begging this country and that country, bringing disgrace to themselves, they should seek rehabilitation from the flood damage and food shortages through exchange and cooperation with the South. Although we ourselves are suffering from flood damage, we will not hesitate to rescue our compatriots in the North from destitution.

We have technology and resources which North Korea needs. We also have the warm compatriotic love which other countries do not have. The North Korean authorities should discard their unjustifiable principle of alienating the ROK and solve existing problems through dialogue, reconciliation, and cooperation between the North and the South.

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ROK: Customs Service Collects Export Barrier Information

SK0108015496 Seoul THE KOREA TIMES in English 1 Aug 96 p 9

[FBIS Transcribed Text] Seoul plans to ask the United States, China and Thailand to clear away cumbersome customs clearance barriers erected against Korean products.

The Korea Customs Service (KCS) has collected information on the barriers Korean exporters face having their products cleared through customs offices in those countries through officials stationed there.

KCS will seek cooperation from foreign counterparts in removing the barriers when it holds regular conferences with them. The information will also be disseminated to Korean firms to alert them to the inconveniences.

It said it will publish reports on customs clearance obstacles every quarter.

KCS said the customs office in New York had delayed the imports of Korean neckties for two months because a dog logo on the neckties was similar to the U.S. Disney logo. It was later confirmed that the New York customs office had allowed the clearance of the Korean products early in July.

In May, the American customs office stopped customs clearance of Korean neckties because there was a "Keeps U.S.A" sign on the back of them, saying that this might mislead American consumers into believing that they were made in the United States. After changing the signs, the Korean neckties were allowed out of the customs clearance area, KCS said.

Korean neckties with copies of American banknotes are still in the warehouse in the New York customs office because American customs agents argued that copies of American banknotes cannot be used as designs for neckties, KCS said.

The customs agency in Los Angeles is too strict in looking at Korean textile products that are exported under the U.S. quota, KCS said. The Los Angeles agency has asked Korean textile exporters to tell them why the size of their products differs from the declared specification in the customs clearance documents. It is said that the width of the textile product was declared to be between 44-46 inches. But actually the size of the product was 48 inches. Due to the discrepancy of the size by two inches, the Los Angeles agency asked Korean exporters to prepare customs clearance documents again, KCS said.

KCS said the American customs offices have unduly delayed the clearance of Korean products just because of technical errors in preparing documents.

KCS quoted Korean makers as complaining that China bars 20 products, including automobiles and electronics goods, from being cleared at inland bonded areas, thus raising logistics costs for Korean exporters. China makes it a rule for these 20 products to be cleared only at sea ports because these foreign products might be leaked to the black market.

It took three to seven days for the Chinese customs office to issue documents to Koreans exporting raw materials to China for processing and reexporting to third countries. China also asks foreign firms to use specified customs offices to get permits for the duty-free import of raw materials for reexport purposes, KCS said.

The Thailand customs office levies tariffs on Korean products on the basis of the "expensive" market prices of the goods, rather than the import prices. This is out of tune with international practices, KCS said.

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Burma

Burma: Minister Hails 'Sensible' U.S. Sanctions Decision

BK0108161596 Hong Kong AFP in English 1519 GMT 1 Aug 96

[FBIS Transcribed Text] RANGOON, Aug 1 (AFP) — Burmese Foreign Minister Ohn Gyaw Thursday hailed the "sensible" decision of the US Senate to impose only limited economic sanctions against Rangoon.

It was the first official reaction to the US Senate failure to adopt a version calling for stricter sanctions against Burma's military regime as a demonstration of US concerns over Rangoon's respect for human rights and political freedom.

Noting there had been "other moves to restrict development of our economy, " Ohn Gyaw said: "We are very much encouraged that there are people in the American Senate who are sensible."

Addressing a news conference, he also squashed speculation that the Association of Southeast Asian Nations (ASEAN) had set preconditions for granting full membership to Burma.

Ohn Gyaw was briefing local and foreign reporters on the recent ASEAN meeting in Jakarta, at which Burma was admitted as an official observer ahead of membership expected in two years' time.

"There's no precondition and nobody asked the government to complete the convention," he said, referring to speculation that Burma's ASEAN membership depended on the conclusion of the ongoing convention charged with defining the terms of a new constitution.

The convention started its work in January 1993 and no deadline has been set for its completion.

Ohn Gyaw, who underscored ASEAN's policy of noninterference in internal affairs, said Burma had earlier stayed away from ASEAN, which was formed during the Cold War era, but knew it would one day become a member "because we belong to Southeast Asia."

He repeated statements he made at ASEAN in Jakarta that the national convention was the only forum for dialogue, implicitly dismissing the possibility of separate talks with pro-democracy leader Aung San Suu Kyi and her National League for Democracy (NLD).

Asked whether the NLD could return to the convention after pulling out last year, another government spokesman said there were no procedural provisions for such a move.

After the NLD pullout, the party's more than 80 delegates were officially expelled.

The news conference was held at the state-run radio and television station under the auspices of the recently revived official information committee which has been assigned to ensure the media get a "correct" picture of developments in Burma.

Information Minister Aye Kyaw accused the foreign media of "disseminating false and incomplete news regarding Myanmar (Burma)" and said the information committee would hold regular briefings "to give a correct picture of the situation here.

Brunei, Malaysia & Singapore

Singapore

Singapore: Jakarta Crackdown Viewed as Asia's Retort to the West

BK0208063596 Singapore BUSINESS TIMES in English 31 Jul 96 p 7

[Article by Yang Razali Kassim: "Crackdown is Suharto's Retort to the West"]

[FBIS Transcribed Text] The timing was calculated. The plan was to act as soon as the Western trading partners had left Jakarta following annual talks with ASEAN, during which democracy and human rights in Asia were raised.

So last Thursday, just after the delegates left, President Suharto received the government-backed rebel faction of the troubled Indonesian Democratic Party (PDI). That immediately lent legitimacy to the break-away group.

With this unambiguous signal, Indonesian troops moved to flush out the followers of Megawati Sukarnoputri from the headquarters of the PDI. The outcome, as widely reported, was the worst riots in Jakarta since clashes between civilians and the authorities in Tanjung Priok in 1984.

The crackdown on Ms. Megawati and her loyalists, as unsurprising as it was, left no one in doubt that President Suharto would brook no action that could destabilize the state or the economy.

It was his first demonstration of toughness since coming back from a medical check-up abroad.

Clearly, the president wanted to disabuse anyone of the notion that he was getting frail and could be taken advantage of. Nobody attempting this would get away with it — especially not those who claim the support of the outside world.

In this respect, his PDI crackdown was a defiant "to-hell-with- you" message to the West.

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Only days earlier, foreign ministers of ASEAN's Western trading partners had aggressively pushed the issues of democracy and human rights onto the meeting table of the ASEAN Regional Forum (ARF) and the ASEAN Post Ministerial Conferences (PMC), which Jakarta chaired.

As the foreign ministers met, an American human rights delegation led by Jesse Jackson, staying in the same hotel as US Secretary of State Warren Christopher, made contact with Ms. Megawati on the sidelines.

Mr. Christopher himself sent his Undersecretary of State for Economic Affairs Joan Spero to meet with Ms. Megawati while he tried to counter ASEAN's contention that democracy and growth could not go hand-in-hand.

The contacts with Ms. Megawati proved to be a major tactical error on the part of the West.

For such an encounter, far from pressuring President Suharto, only hardened his position.

Why should he suddenly go soft on the PDI when his top diplomats, along with their ASEAN colleagues, had just been making plain the folly of interfering in the domestic affairs of Southeast Asian states?

At the ARF and the PMC, an Indonesia-led ASEAN had tried to convince the West that open, public pressure was not the way to bring about change in Asia.

It just isn't Asian to give in to arm-twisting. That's why sanctions wouldn't work on Myanmar [Burma], Foreign Minister Ali Alatas said.

Mr. Alatas himself had to put his diplomatic skills to good effect to prevent the ARF and the PMC agenda from being hijacked by the West.

Deft handling by him and the other ASEAN foreign ministers blocked the Americans and the Europeans, backed by the Western media, from turning the talks into nothing but a bashing session of Asia's human rights record.

Myanmar may have become the West's favorite "whipping boy" at the talks. But everybody knew this was only the thin end of the wedge. Had ASEAN buckled under such Western pressures a number of ASEAN states would have been next in line.

Indonesia was clearly on the list, judging by the display of Western interest in the PDI and East Timor. Mr. Alatas himself had a foretaste of what could come when twice, at press conferences, he had to counter queries from the Western media about the PDI. It was therefore unsurprising that the US State Department yesterday issued a statement of concern over the PDI crackdown.

But the Western charge will not stop at Indonesia either.

It will spill over into the World Trade Organization (WTO) Ministerial Conference (MC) in Singapore this December.

This message was clearly spelt out in Jakarta when the Western foreign ministers insisted, despite strong opposition from ASEAN, that they would raise "new issues" such as labor rights and corruption. Mr Christopher himself, personally and bluntly, made this point.

On all these fronts, President Suharto and Mr Alatas vigorously led ASEAN in standing its ground. As he did so, President Suharto never took his eyes off Ms. Megawati.

Until the crackdown, he had actually been treating her with kid gloves. This was partly because she is a woman.

But it could also have been because deep inside, he still respected Ms. Megawati's father, the legendary Sukarno who proclaimed Indonesia's independence in 1945.

In 1966, Mr Suharto forced Mr Sukarno to retire because the late Sukarno's party, the PNI [Indonesian National Party], was coming under the influence of the communists.

Strangely, this same concern was used when security ministers and the military last weekend rationalized the crackdown on Ms. Megawati and her followers. They accused neo-communists of exploiting the weaknesses in the PDI, a small but vocal party run largely by secularists, pro-democracy activists and former members of the PNI.

In raising the bogey of subversion to crack down on the PDI despite Western objections, President Suharto and his ministers have firmly asserted primacy of the Asian position that stability and development should prevail over the Western notion of "freedom first".

President Suharto knows he risked adding Indonesia to the list of Asian whipping boys for ASEAN's Western partners at next year's ARF and PMC in Kuala Lumpur.

But it seems he would rather risk this than see the country in tatters.

Cambodia

Cambodia: Hun Sen Says Pol Pot 'Extremely Weak' but Alive

BK0108151396 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 1 Aug 96

[Speech by Second Prime Minister Hun Sen at the foundation-stone laying ceremony at Kdeng commune,

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Kompong Svay District, Kompong Thom Province, on 1 August — recorded]

[FBIS Translated Excerpt] [passage omitted] We are very proud of what we have done. We were empty-handed in 1979, but we have grown gradually. After we managed to settle the Cambodian problem in 1993, our speed [of national construction] which was 40 km/hour can now reach 50 km/hour. However, some people want the speed reduced or to even come to a halt. They want to create so-called general crises, a political crisis, so that a political solution can be sought. They reveal everything. They reveal that Pol Pot is dead but they want to push for talks with Pol Pot.

At 2330 last night, I received information about the whereabouts of Pol Pot and to where he was travelling. Today, a group of his leaders will be in Pailin. So, you do not need to play those games. Pol Pot is not dead yet. Even if he were dead, just Pol Pot himself, his military and political organization remain. A few days ago, they [the Khmer Rouge leaders] held a meeting upstairs [sentenced as heard], and yesterday they entered Pailin. This morning they are probably holding a working meeting in Pailin. So, you cannot hide anything.

Beloved clergy. Pol Pot is now extremely weak but he still influences extremist Cambodians whose goal is to destroy the royal government and political stability. Their final goal may be different but their present ones are identical. This is why I have said that this cannot be allowed to happen, regardless of what people say. [passage omitted]

Indonesia

Indonesia: Suharto Approves Investigation of Parliamentarians

BK0208122396 Jakarta KOMPAS in Indonesian 2 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta KOMPAS—Attorney General Singgih says President Suharto has issued a letter granting permission for investigations to be carried out on several members of the DPR/MPR [House of Representatives/People's Consultative Assembly] in connection with the PDI [Indonesian Democratic Party] free speech forum. The permission letter has been passed to National Police headquarters. Singgih has refused, however, to report the names of the individuals concerned.

Meanwhile, Baharuddin Lopa, secretary general of the National Commission on Human Rights, has asked the people to be willing to report on their relatives who are "missing" or have not returned home since the riots on 27 July. The report is required for the completion of the National Commission on Human Rights fact-finding mission.

About those who are to be investigated, Singgih said: "Just wait for awhile. All of you will see who they are after they are summoned by the police." The attorney general said this to journalists at the Central Java High Court in Semarang on Thursday (1 August).

The attorney general said that his office had written to President Suharto for permission in accordance with the Law on Investigation Formalities on DPR/MPR members.

"We received permission yesterday (Wednesday) and today (Thursday), the letter was handed over to the area police chief and the National Police Headquarters in accordance with the stipulated law on the procedures to summon all the people concerned to provide explanations regarding the free speech forum and so on," Singgih said.

When asked whether or not the people who had been summoned could be charged as suspects, Singgih said: "That will depend on the outcome of the police investigation."

Refused To Sign

Meanwhile, Dr. Mokhtar Pakpahan, chairman of the Prosperous Labor Union of Indonesia (SBSI) and also leader of the Indonesian People's Assembly Executive Board (MARI), has refused to sign the dossier for his arrest. Pakpahan, who has been detained at the Attorney General's detention camp since Tuesday (30 July) night, said that he did not understand what act he had committed that warranted his arrest under the National Subversion Act. Daniel Panjaitan, one of Pakpahan's lawyers from the Jakarta-based Legal Aid Bureau, reported this on Thursday (1 August).

When asked to comment on what Pakpahan said, Yunan Sawiji, junior attorney general for special crimes, said: "We just recorded that the person concerned did not want to sign the dossier," he said.

According to Panjaitan, Pakpahan was investigated on Wednesday from 1600 to past 1830. Twelve questions were asked about, among other things, his whereabouts on 27 July 1996 and the involvement of the MARI, PRD (People's Democratic Party), and SBSI in the riots.

Regarding his whereabouts at the time when Suryadi's "supporters" seized the PDI's central executive council headquarters at No. 58 Jalan Road, Diponegoro, Irianto Subiakto, (another of Pakpahan's lawyers from the Legal Aid Bureau) said Pakpahan said that he was at Ali Sadikin's residence, at No. 2, Jalan Borobudur.

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"During the investigation, Pakpahan said that he was at Ali Sadikin's residence because he was blocked by the crowds while on his way to the Indonesian Legal Aid Foundation office at No. 74, Jalan Diponegoro. He was forced to go in the direction of Ali Sadikin's residence," explained Petrus Patyona, another lawyer for Pakpahan. This was confirmed by Irianto. [passage omitted on Pakpahan's previous arrests under the Subversion Act]

Indonesia: Sutrisno Receives PDI Executive Council Members

BK0208100896 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 2 Aug 96

[FBIS Translated Text] Vice President Try Sutrisno received members of the Indonesian Democratic Party, PDI, central executive council, led by chairman Suryadi, at the Merdeka Selatan Palace in Jakarta this morning.

He reminded them that the PDI, as a political group, should be constructive and be able to lead its members toward a healthy and civilized political life.

The vice president also expressed the hope that the central executive council would not turn the PDI into a party for the masses, because now is not the time for a popular-based sociopolitical organization that exists at the expense of national and development interests.

According to the vice president, every sociopolitical organization should be more oriented toward programs that are supported by qualified cadres who act as the motivating machinery of the organization.

Under the Pancasila democratic system, the two political parties and Golkar [Functional Group] are one big family of people who mutually support, assist, and fulfill each others' needs, he added. In view of this, the vice president said that the Indonesian people do not recognize the existence of an opposition sociopolitical organization and a sociopolitical organization in authority.

In connection with this, the vice president reiterated that the Pancasila democratic order of life—which esteems the basis of family-like discussions, togetherness, and mutual self-help—should continue to be nurtured and expanded without being influenced by various ideologies that are opposed to Pancasila state ideology and the 1945 Constitution.

A total of 36 members of the PDI central executive council were received by the vice president. Among them were the chairman, the secretary general, and the treasurer, and their respective deputies.

Indonesia: Parliamentarians Comment on 'Shoot on Sight' Order

BK0108120896 Jakarta MEDIA INDONESIA in Indonesian 1 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta (MEDIA) — Members of the parliament have voiced their views on an order issued by Major General Sutiyoso, commander of the Greater Jakarta Regional Military Command, to shoot on sight anybody who starts rioting in Jakarta. The MPs believe that the instruction is suitable as a last resort if persuasive action is ignored.

"The order to shoot on the spot is a last resort to protect people. We believe that ABRI [Armed Forces of the Republic of Indonesia] has its own mechanism and procedure to do this," said Mustahid Astari, chairman of the Golkar [Functional Group] parliamentary faction, in Jakarta yesterday. The Golkar deputy secretary general added that ABRI has the duty to protect and give a sense of security to all people. "We must not give many different interpretations to such an order. I am sure ABRI leaders have carefully considered the decision for the sake of the entire population," said Mustahid.

Hamzah Haz, chairman of the United Development Party parliamentary faction, said the order should serve as shock therapy [preceding two words in English] so that those who want to start rioting will decide against doing so. "I am sure ABRI will not shoot at people indiscriminately. ABRI wants to see the situation in Jakarta return to normal quickly because an uncertain situation will bring about wide-ranging effects on the national economy," he said.

Meanwhile, Suparman Ahmad, chairman of the Armed Forces parliamentary faction, said the order was issued with good reason because the rioters' brutal action had undermined public security and order, as well as caused panic among the population. "Therefore, the order is based on good reasons and supported by existing laws," he said.

The order to shoot on sight also attracted attention outside Jakarta. Several reporters yesterday asked Major General Subagyo, commander of the Diponegoro Regional Military Command, whether the order also applies in his jurisdiction. Subagyo said the situation in Central Java and Yoygakarta is peaceful and under control. "But anybody who disrupt security and order will face stern action," he said. [passage omitted]

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Indonesia: Officials See No Negative Impact From Jakarta Rioting

BK0108140796 Jakarta MEDIA INDONESIA in Indonesian 1 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta (MEDIA) — The rioting in Jakarta on 27 July has no influence on the foreign investor interest in Indonesia. This statement was made by Sanyoto Sastrowardoyo, state minister for investment affairs, concurrently chairman of the Capital Investment Coordinating Agency; Industries and Trade Minister Tunky Ariwibowo; A.A. Baramuli, chief of the Advisory Council of the Indonesian Chamber of Commerce and Industry [Kadin]; and Tony Agus Ardi, chief of Kadin's U.S. Affairs Committee.

Sanyoto expressed optimism that the country's seven percent growth target will be achieved especially in view of the satisfactory level of foreign investments in the first seven months of this year. As of July 1996, 634 projects worth U.S.$21.8 billion had been approved.

Sanyoto added that other countries also faced minor problems which hardly affected their national stability, such demonstrations in South Korea, the Asahara sect's poisonous gas attack in Japan, or even terrorist bombings in the United States.

Meanwhile, Industries and Trade Minister Tunky Ariwibowo said Saturday's riot in Jakarta was a brief episode that will not affect our strong economic fundamentals. "While it is true that the stock market index dropped, it also rebounded swiftly," he said.

Baramuli said the rioting was sporadic and does not happen every day. So, it will not affect national unity and integrity.

Tonry Agus Ardi said last week's incident is closely related to the decline of the stock market index and rupiah value. Therefore, the government must act quickly by getting all quarters involved so as not to jeopardize the national economy. [passage omitted]

Laos

Laos: Foreign Minister's ASEAN Participation Viewed

BK0208105996 Vientiane VIENTIANE TIMES in English 26 Jul-1 Aug 96 p 1, 2

[Unattributed report]

[FBIS Transcribed Text] A Lao delegation, led by Foreign Minister Somsavat Lengsavat, travelled to Indonesia to attend the annual ministerial meeting of the Association of Southeast Asian Nations (ASEAN) held in Jakarta on July 20-21 .

This is the fourth time Laos participated in ASEAN meetings as an observer after signing the Bali Treaty in 1992.

Mr. Somsavat addressed the meeting on July 20. He said that he and his delegation were honoured to be able to attend.

"We have listened with keen interest to the keynote address by President Suharto of Indonesia. The President's thinking and vision on peace, stability, international cooperation as well as the role of ASEAN and on the future of the Southeast Asian region are of great significance". The Lao foreign minister conveyed the Lao delegation's congratulations to foreign ministers of all the ASEAN countries and to the secretary general of ASEAN.

The Lao delegation also expressed congratulations to Myanmar [Burma], which was admitted as an observer to ASEAN, adding that this indicated ASEAN was on the way towards creating, "one Southeast Asia."

Since the last ministerial meeting held in Brunei Darussalam, the region has enjoyed continued economic growth and stability, said Mr. Somsavat, and reached a new stage of cooperation.

"Within the framework of the ASEAN Regional Forum (ARF), ASEAN has been actively enhancing political and security cooperation, thus boosting the important role of the ARF in maintaining peace and stability in the region." The ARF deals with security issues in the region.

Of historical significance was the meeting of the heads of government of ASEAN countries and the heads of the government of Cambodia, Laos, and Myanmar held in Bangkok in December last year, said Mr. Somsavat.

This concluded with the signing of the Treaty on the Southeast Asia Nuclear Weapon Free Zone.

"This event reflects the explicit policy and genuine aspiration of all 10 Southeast Asian countries to cooperatively preserve peace and stability in the region, thereby contributing to maintaining peace and stability in the world."

He added that Laos appreciates follow-up on initiatives for the ASEAN Mekong Basin Development Cooperation adopted by the 5th ASEAN Summit

"We also highly appreciate the outcome of the Asia-Europe Summit which opened a new era for cooperative relationship between the two continents.

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"Laos would like to express sincere congratulations to the People's Republic of China, the Republic of India and the Russian Federation on their having become full dialogue partners of ASEAN," said Mr. Somsavat. "This development has contributed to further expanding ASEAN external relations and reflected the increasing role of ASEAN among the international community."

Updating the meeting on the current situation in Laos, Mr. Somsavat said: "The past year has seen continued stability as a result of the successful implementation of the renovation policy pursued since 1986."

"At present, we are concentrating on putting into practice the 1996-2000 socioeconomic development plan with emphasis on eight priority programmes which aim to achieve a gross domestic product (GDP) growth rate of 8-8.5 percent each year.

"For the country to rise out of its underdeveloped state and to build a solid foundation for advancing towards prosperity, our government will strive to promote the spirit of self-reliance and self-resilience.

"We intend to further pursue the policy of economic reform pursuing market mechanisms, and, at the same time, intensifying external relations and cooperation, primarily with neighbouring countries."

He said membership in ASEAN is an important objective for Laos in its policy of expanding external relations.

"During the past year, we have actively engaged in various preparatory activities and also submitted an application for membership in ASEAN.

We are gratified to note that for the previous year, the cooperative relationships and mutual assistance between Laos and individual ASEAN countries have stepped up continuously and fruitfully.

"As part of the region, Laos is proud to have contributed to the cause of peace, security, development cooperation and prosperity of Southeast Asia."

The Foreign Minister said he appreciated the support of ASEAN member countries for Laos's application for ASEAN membership which will allow admittance as of 1997.

After the meeting, the Lao delegation will also take part in the third ASEAN Regional Forum on July 23 in Jakarta.

Then the delegation will conduct official visits to Indonesia, Australia and New Zealand from July 24 to August 4.

Philippines

Philippines Official: Government Holding 'Discreet Talks' With MILF

BK0208063996 (Internet) The Journal Group WWW in English 30 Jul 96

[This web page publishes material from four daily newspapers and a weekly magazine put out by the "The Philippine Journalists, Incorporated (PJI), also known as The Journal Group." The dailies are THE PEOPLE'S JOURNAL, THE PHILIPPINE JOURNAL, THE PEOPLE'S JOURNAL TONIGHT, and THE PEOPLE'S TALIBA. The weekly is the WOMEN's JOURNAL; report by Dulce Raymundo and Fernando Cariaso]

[FBIS Transcribed Excerpt] Gov't talking with MILF [Moro Islamic Liberation Front] to boost peace — Palace [Malacanang — presidential palace]. The talks, said Executive Secretary Ruben Torres, underscored the need to further enhance the "very fragile" peace agreement between the government and the Moro National Liberation Front [MNLF].

The MILF is a breakaway group from the MNLF, headed by Nur Misuari who is the administration candidate for governor in the Sept. 9 elections of the Autonomous Region for Muslim Mindanao [ARMM].

Torres made the revelation Sunday night during an interaction in Malacanang between President Ramos and media executives.

But Torres stressed that separate formal talks with the MILF will start only if the peace agreement with the MNLF is not acceptable to the MILF.

"There were discreet talks on the side of the government and the MILF and they (MILF) indicated they are willing to talk," Torres said.

During the Malacanang meeting, the president stressed that the three-year duration of the proposed Southern Philippines Council for Peace and Development [SPCPD] will give both the government and the MNLF the necessary "respite."

"Three years will give us all the respite, a breathing space, from all these. While the council is in existence, we will be able to channel our resources and energies to develop Mindanao, especially those provinces and cities to be included in the Special Zone of Peace and Development — without disruption," he said.

Mr. Ramos added that the three-year period will also serve as a confidence-building measure that will enable both government leaders and the MNLF commanders "to get to know each other well."

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Batangas Rep. Eduardo Ermita, a member of the government panel negotiating with the MNLF, also explained that the three-year duration of the SPCPD will give Misuari a chance to prove his executive ability and management expertise.

"If he can prove his ability to lead and convince the people of his sincerity, then, we expect that by the time a new plebiscite is held, more provinces will be joining the ARMM," he said. [passage omitted]

Philippines Editorial: Local Communist Movement 'Dying'

BK0208090796 Quezon City MALAYA in English 27 Jul 96 p 4

[Editorial: "Joma Who?"]

[FBIS Transcribed Text] Honolulu-based cartoonist Corky Trinidad not too long ago came up in a Honolulu newspaper with a piece showing Caucasian-looking tourists gawking at a ragtag band of armed men with the caption: "Come, see Asia's remaining communist insurgency."

Somebody should do a follow-up. Of a bespectacled mustachioed, Malay-looking guy with tulips and windmills in the background, with the caption "The world's last Marxist-Leninist-Maoist." And soon. Jose Ma. [Maria] Sison [Joma — exiled Communist Party of the Philippines chief] has been given by the Dutch Government four weeks to decamp, and has three weeks to look for a new host. His choice: Pyongyang or that other socialist paradise, Havana.

Or home. Sison has ruled this out, at least for the moment, still firmly convinced that the leftist rebellion will somehow recover someday.

Some commentators have noted that circumstances (historical conditions, if Marxists will insist) are not hospitable to a triumphant return from exile a la Lenin, Castro, or Khomeini. The Philippine left is dying. It can still secure a new lease on life, but in a form totally abhorrent to the likes of Sison, that is, as a socialist party committed to parliamentary struggle.

Sison's quandary is not like Lenin or Castro's. It is that of the leader of the failed Malaya insurgency. Nobody now remembers his name, which is but fitting, we suppose, for history, after all, writes only about the victors.

The Malayan insurgency, it will be recalled, was never totally crushed. The British whittled the threat to manageable proportions through one of the most ruthless counterinsurgency campaigns of the post-war era. The Brits had had previous practice in herding whole populations into security zones. "Concentration camp," for example, was of Boer war coinage.

Until the seventies, there were still remnants of the Malayan communists operating in the jungles. They simply became an irrelevance over the years.

That Malayan rebel leader what's-his-name had one other special trait shared with Sison, the UP [University of the Philippines] English instructor. The Malayan went to war with a pocket Shakespeare in his jungle pack. Sison went underground with more titles in his luggage, including presumably a copy of that slim volume of poems of his, "The Guerrilla Is Like a Poet."

And like a poet, Sison, the guerrilla, can't just let go of his quixotic dreams.

Had Sison, the guerrilla-poet, been struck at the height of the rebellion by a bullet, his would have been a tragic life.

As it is, he is now groveling before the Dutch authorities that he be allowed to stay in Utrecht. It has become a farce.

Thailand

Thailand: Cultural Cooperation Pact With Vietnam Marks Ties

BK0208105596 Bangkok BANGKOK POST in English 2 Aug 96 p 2

[Report by Saritdet Marukhathat, Nutsara Sawatsawang, and Phanrawi Tansupphaphon]

[FBIS Transcribed Text] The first in a series of events focusing on economic cooperation will be held today to mark the 20th anniversary of modern Thai-Vietnamese relations

Thailand today begins celebrations to mark the 20th anniversary of Thai-Vietnamese diplomatic ties with a day-long seminar that will look to the future of the relationship.

Organised by the Foreign Ministry and Thammasat University's political science faculty, the seminar will feature an exchange of views on political, security, trade, and investment issues among diplomats, businessmen and experts from both countries.

Thailand and Vietnam established formal diplomatic ties on August 6, 1976.

The signing of a cultural cooperation agreement next Thursday by Foreign Minister Amnuai Wirawan and Vietnamese Information and Culture Minister Tran Hoan is the highlight of 20th the celebrations.

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The agreement is the first of its kind that Thailand will seal with a Southeast Asian country.

Ambassador to Vietnam between 1991 and 1993, Foreign Ministry spokesman Suraphong Chaiyanam says differences in "political cultures" between the two neighbours are unlikely to be conducive to fostering a "special" relationship.

But economically, the two countries are complementary, with Thailand in a position to contribute investment and technology, and Vietnam to offer access to its market and natural resources.

In terms of security, Vietnam is "very important because its stability will directly affect Thailand," Mr Suraphong said.

Bangkok and Hanoi normalised relations more than a year after the Communist forces of what was then North Vietnam on April 30, 1975 took Saigon, the seat of the South Vietnamese regime that Thailand had recognized through the war.

The breakthrough — sealed in two joint communiques covering the principles and conduct of diplomatic relations — followed a four-day visit to Vietnam by the then foreign minister Phichai Rattakun.

But Vietnam's decade-long military occupation of Cambodia, after its December 1978 invasion froze any development in relations between Bangkok and Hanoi.

"For 10 years, the Thai-Vietnamese relationship was in a state of confrontation as a result of conflicts in Cambodia," said a Thai Foreign Ministry report.

While Bangkok supported the exiled Cambodian coalition comprised of the Khmer Rouge and non-communist forces loyal to the Prince Norodom Sihanouk and Son Sann, Hanoi backed the Heng Samrin regime in Phnom Penh.

Hanoi's troop withdrawal from Cambodia in September 1989 "opened a new era" in Thai-Vietnamese relations, the report noted. It coincided with the collapse of communist regimes in Eastern Europe, and came a year after the Chatchai Chunhawan government launched it policy to exploit the marketplaces of Indochina.

Vietnam's 1986 decision to change from a command to a market- oriented economy opened up the country and encouraged Thai investors to venture into a market of 74 million consumers.

But the thorns in the Thai-Vietnamese relationship are deeply rooted.

The most prominent among them is the question of an overlapping zone in the Gulf of Thailand. Measuring 6,500 square kilometres, the zone has been disputed since 1972, but talks to settle the differences did not begin until 1992. There are also long-standing differences over fishery cooperation.

Thailand: Minister Pracha Urges EU Envoys To Help 'Poor Farmers'

BK0208090096 Bangkok BANGKOK POST in English 2 Aug 96 p 2

[Report by Somphon Thaphanachai and Nustara Sawatsawang]

[FBIS Transcribed Text] European Union envoys have been asked to urge their governments to grant deeper tariff cuts in the interests of poor farmers.

Deputy Foreign Minister Pracha Khunakasem used all available weapons yesterday to persuade the European Union to alter its new agricultural import duty concession programme for Thailand.

Mr Pracha gave Bangkok-based ambassadors from EU countries a detailed argument in favour of lower preferential duties on agricultural products, particularly shrimp.

Brussels, he said, is wrong to argue that incomes per head in Thailand are too high to justify specially low duties. The EU should remember that while the average is $2,600 per person per year for the country as a whole, in agriculture the average is only $426 per person, Mr Pracha said.

The meeting yesterday followed talks on Wednesday in which Deputy Prime Minister and Foreign Minister Amnuai Wirawan presented Thailand's latest proposal to settle the dispute to EU Commission Vice-President Manuel Marin.

Brussels has announced new duty rates for agricultural products from developing countries under its Generalised System of Preferences (GSP) programme. These rates, designed to help developing countries gain access to EU markets, depend on how sensitive each product is for European producers, and on the level of development of the exporting country.

As a result, Thai farm products will be charged higher duties than the present rates, and higher duties than competing products from other developing countries, such as Indonesia China and India.

Mr Pracha told the ambassadors the new programme uses unclear and unfair criteria for deciding duty rates. If all else fails, Thailand would lodge a complaint with the World Trade Organization [WTO], he said, but that would be used as a last resort because to do so would be "unfriendly".

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The ambassadors are said to have replied that the EU has not violated WTO rules because the special duties granted to developing countries are a voluntary programme outside the WTO. They also agreed to convey Thailand's message to their governments.

Thailand accepts that importing countries can set their own rates under their GSP programmed but if the rates discriminate between developing countries at similar levels of development, the WTO could rule that the programme is unfair, said Economics Department director-general Kopsak Chutikun.

A fact sheet handed to the ambassadors focuses on the problems facing 22,000 shrimp farmers, 80 percent of whom have less than 20 rai and many are heavily in debt.

Under the EU programme, Thai frozen shrimps will be charged a preferential duty rate of 8.1 percent to 9.7 percent from next January, about double the present rate of 4.0 percent-4.5 percent. In 1999, Thai frozen shrimps will be removed from the GSP programme and will be charged the normal duty rates of 12 percent-14.4 percent.

Thailand's major competitors will have lower rates: 3.6 percent for Ecuador, 4.2 percent-5 percent for India, 0 percent for Bangladesh and 4.2 percent-5 percent for Indonesia, the fact sheet says.

Mr Pracha said Thailand would have no objection if preferential duty rates were granted only the least developed countries, so long as there was no discrimination between countries at similar development levels.

He pointed out the efforts the Government is making to help the industry, including loans from the Bank for Agriculture and Agricultural Cooperatives and environmental protection measures.

If shrimp farming is wiped out in Thailand, producers in less developed countries with poorer environmental protection methods would replace the Thai farmers, he said.

Thailand's proposal, to be discussed in Brussels next month, contains three points:

— For compromise quotas to be agreed granting five categories of exports the full GSP reduction within the quota, and the higher normal duty rates to be charged once the quota ceiling has been exceeded. The five are frozen shrimps, canned crab, fish, vegetables and fruit.

— For the EU to provide aid to Thailand, especially for developing shrimp breed stock.

— For Thailand to be included in "Annex 5", the list of mainly Latin American countries granted full GSP rights — even though they might normally be fully or partially "graduated" from the programme — because they are combating narcotics.

Thailand: Central Bank Goes Overseas To Defend Thai Currency

BK0208054696 Bangkok THE NATION in English 2 Aug 96 p A1, A2

[Report by Charuwan Loetwinyu and Thanong Khanthong]

[FBIS Transcribed Text] The Bank of Thailand (BOT) ambushed the foreign exchange markets in Hong Kong and Singapore yesterday to strengthen the battered baht — its first-ever venture beyond national boundaries to defend the Thai currency, central bank officials and dealers said.

Banking sources said that the central bank may have spent up to U.S. $500 million (Baht12.5 billion) both locally and overseas to restore confidence in the baht, which has come under intense pressure recently from rumours of an impending devaluation.

The unprecedented move came as stock brokers and two state-owned banks reached a preliminary agreement to set up a Bt[baht]20 billion fund to support the battered Thai stock market.

In defending the baht yesterday, the BOT moved to halt the rise of the baht swap premium, a risk fee that dealers levy on one another when they trade two currencies with different interest costs. It is frequently quoted with a one-week or one-month rate. As a currency is seen as weak, the premium rises.

The central bank timed its guerilla move carefully, hitting the markets at noon while most dealers in Hong Kong and Singapore were eating lunch.

"The central bank intervened in the markets by asking a handful of banks in Hong Kong and Singapore to quote the baht swap premium, following a growing concern that the premium had risen too high," said a dealer at a foreign bank in Bangkok.

This was more than enough to trigger a fall of the premium because dealers rapidly spread word of the Bank of Thailand's surprise intervention.

"We entered the markets about 11 a.m. and it took us less than one hour and a few transactions to achieve our objective," said a triumphant Roengchai Marakanon, the central bank governor.

The BOT's objective was to bring down the premium, which weakened as a result of the central bank's sheer presence. Dealers said that the monthly premium fell

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from 15 satang/dollar to eight satang/dollar [One baht is composed of 100 satang] in the afternoon, before rebounding slightly to 10 satang/dollar. The one-week rate also dropped from 6.5 satang/dollar to three satang/dollar, they added.

Dealers said that the central bank was successful in its intervention because it had a powerful psychological effect — impressing upon the market that the baht will be defended at all costs — and because market sentiment was inclined toward selling the dollar, which had been over-bought following rumours of an impending baht devaluation that had come largely from the Singapore market since last Friday.

"Their timing was perfect. They could achieve the objective that they had set out to achieve," said a local treasury dealer.

Roengchai declined to reveal how much money the central bank had spent on its intervention, but he hinted that it was less than the $375 million it laid out on Monday to defend the baht.

It is common for central banks in a developed country to actively intervene in currency markets to achieve a defined objective. The Bank of Japan, for instance, frequently intervenes in the dollar/yen spot market to influence the direction of the yen.

The central bank does not have to intervene in the dollar/baht spot market because it fixes the rate daily. Yesterday it made the sharpest cut to its dollar rate in nearly nine months, as part of a move to fend off baht devaluation rumours.

The mid-rate for the dollar was quoted at Bt25.22 yesterday, down from Bt25.27 on Wednesday.

Panic over the rumoured devaluation had led foreign money managers to attack the baht by selling it against the dollar. On Monday the central bank was obliged to spend $375 million to defend the currency.

Apart from the forex market, the central bank has also moved to accommodate the local money market which has been facing tight supply from the carry-on effect of the forex turmoil.

On Wednesday it injected Bt14 billion into the repurchase market and its loan window; yesterday the amount reached Bt10 billion.

Roengchai added that the central bank will from now on allow finance companies or finance and securities companies to pledge their bills of exchange or promissory notes through its loan window and take out the money as part of a design to adjust their liquidity conditions.

Thailand: Tariff-Quota Proposal for Exports to EU Viewed

BK0208102696 Bangkok BANGKOK POST in English 2 Aug 96 p 12

[Editorial: "Quotas Open Door to Corruption"]

[FBIS Transcribed Text] Don't be fooled by appearances. This comment is dressed up in the clothes of trade, but the beast underneath is naked, rampant politics. This is not our fault. Blame the Commerce Ministry.

To start with, the dressiest concept of the lot is: "tariff quotas". This highly technical, yawn-inspiring phrase is part of Thailand's attempt at a deadlock-breaking compromise in its dispute with the European Union over special import duty rates known as GSPs.

The Europeans are revising their special import tax reductions programme that is designed to help developing countries sell their products in Europe. Under the new programme Thai exports will enjoy smaller tax reductions, mainly because the EU says Thailand is richer than it used to be.

So, for example, Thai frozen shrimps, currently allowed into Europe at about 4 percent duty instead of the full rate of about 13 percent, will be charged about 9 percent next year, rising to the full rate in 1999.

Unfair! Thailand complains. Even Deputy Foreign Minister Pracha Khunakasem has become uncharacteristically agitated, first heading a special delegation to Brussels about a fortnight ago, and then, yesterday, summoning European ambassadors to hear Thailand's case.

And most of the Thai case is reasonable stuff. The rich countries do normally have the freedom to decide what rates, and on what products, they are going to set for their poorer trading partners. But this particular programme is unbelievably complicated, and it manages to set lower rates of around 4 percent for competitors that Thailand can justifiably call equals, for example Indonesia, India and Ecuador.

Enter Thailand's compromise. OK, say Deputy Prime Minister Amnuai Wirawan and Commerce Minister Chuchip Hansawat, we are not going to to persuade you Europeans to g??e us all we demand, so let's meet halfway. We would like shrimp to be charged 4 percent, but you insist on 9 percent. Let's have 4 percent but only for limited quantities. Anything beyond the limit will be charged 13 percent or so — a "tariff quota".

Thank goodness the Europeans have not yet agreed. For all we know, the tariff-quota idea was devised out of the

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goodness of some official's heart. But in this country, the word "quota" spells danger.

Hidden behind the technicality and the apparent good intention of compromise is yet another opportunity for ministers and officials to be corrupt. The Commerce Ministry is the ministry of quotas. The Commerce portfolio is one of the Cabinet posts that provides the greatest opportunities to raise funds that ultimately are spent buying votes. Based on the past history of tapioca and textiles quotas, the probability of a bad smell rising out of shrimp exports to the EU is almost a certainty. Considering all the experience that has accumulated over the past decades, someone at the Commerce Ministry must already have realised the opportunity.

In economic terms, the impact of a tariff quota on Thai shrimp farming might be exactly the same as the EU's proposed 9 percent duty — it all depends on the size of the quota. In political terms, the two options are quite different. There is no limit on the quantities that can be shipped under the EU's proposal, meaning no quota and no opportunities to be corrupt.

Thailand as a whole would be better off trying to negotiate 9 percent with unlimited quantities beyond 1999 instead of the tariff quota. Some people could be better off with the tariff quota. But only some people. It's time to put a limit on quotas.

Thailand: Government Action Urged To Solve Economic Problems

BK0208083796 Bangkok BUSINESS DAY in English 2 Aug 96 p 4

[Editorial: "True Leaders Must Emerge To Address Problems at Source"]

[FBIS Transcribed Text] The Bank of Thailand (BOT) took decisive action this week to defend the baht while also injecting liquidity into the financial system through the repurchase market and loan window. BOT Governor Roengchai Marakanon backed up the central bank's actions with emphatic statements to squash rumors on pending baht devaluation.

The governor is to be commended for sending a clear and convincing message to the world on the BOT's commitment to maintain exchange rate stability for the baht and for acting swiftly and effectively to contain the damage caused by panicky speculators.

Thus a fire seems to have been put out, at least for now, although we should not fool ourselves into thinking that the laws of supply and demand in the international currency market will stop putting strong downward pressures on the baht relative to the major currencies in the immediate future.

Mr. Roengchai tried to reassure the public by saying: "The fundamentals of the economy are sound, even though the economy has slowed. Official reserves are high, at 40 billion dollars, and the Government is maintaining a cash surplus of approximately 2.7 percent of the Gross Domestic Product (GDP)."

While the facts presented by the governor may be correct, one should keep in mind that international investors are not as much concerned about the financial and economic figures of today as about future trends. In this regard, the current account deficit and the decrease in export growth are the most worrisome issues.

Short-term measures like currency market intervention to prop up the baht and injecting liquidity can't be repeated over and over if the underlying causes of the problem aren't changed. Even though the latest incident may be characterized as a rumor which started in Singapore and Hong Kong, we should ask further if it has some rational basis, and the answer is, unfortunately, that it does. The fact is that the good intentions and strong commitments of the BOT cannot permanently stand up against the realities of supply and demand in the international currency market.

Rumors also remind us that the world of international finance and economics runs on perceptions. In this regard, the present government has a long way to go and much to do to create a perception that economic management is in good hands. So far, there has been a lack of a clear and credible leadership, and the Government has opted for committees and special task forces to create the impression that economic problems are being addressed. This approach must stop, as it is eroding what little credibility the Government may still have. True leaders have to emerge, and hiding behind committees just won't do. The decisive actions the BOT governor took this week are hopefully a sign of more of this type of leadership to come from the BOT as well as from other government agencies in charge of managing the nation's economic affairs.

Thailand: Planning Agency Revises Economic Growth Forecasts

BK0208102496 Bangkok BANGKOK POST in English 2 Aug 96 p 1 Business

[Report by Chatrudi Thepharat]

[FBIS Transcribed Text] The National Economic and Social Development Board (NESDB) has revised its forecast of economic growth this year, lowering the figure to 8% from the original 8.5%.

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The NESDB's projection of the inflation rate remains at 5.5%, while the current account deficit is forecast to be 8% of gross domestic product instead of 7.8% in the original forecast. The deficit was 8.1% of GDP last year.

The growth rate for exports and imports has been set at 13%. Growth rates as high as 18% were being forecast at the beginning of the year, but exports from Thailand and other Southeast Asian countries have all slumped in recent months.

Wirat Wathanasiritham, the board's deputy secretary-general, said the revised figures, especially on the expansion of exports, were based on data from the Commerce Ministry.

On Monday the NESDB will forward its figures to the Economic Stability and Security Policy Committee, chaired by Prime Minister Banhan Sinlapa-acha.

The lower forecast growth rate reflects a general slowdown in the private sector and the export slump, as well as the trade deficit. These factors are expected to persist in the near term.

Mr Banhan's committee is looking for ways to increase exports by helping to reduce exporters' costs. It will consider the possibility of allowing the exporters to use a system of bank guarantees in place of making up-front payments of VAT [Value Added Tax] levies. Manufacturers must now pay VAT once they import raw materials used to produce goods that eventually are exported.

Mr Wirat said a final Finance Ministry decision was pending.

Revenue Department Director-General Suchat Chaowisit said the ministry agreed in principle with the bank-guarantee plan.

The committee will also consider ways to cut spending by state agencies and enterprises. Agencies that plan new offices should look to acquire space in existing buildings instead of constructing new ones, members believe.

Thailand: Chat Thai Party Hit by 'Campaign Contribution' Allegation

BK0208081796 Bangkok THE NATION in English 2 Aug 96 p A4

[Article by Sorayut Suthatsanachinda: "Political Time Bomb for Chat Thai"]

[FBIS Transcribed Text] It was like Rakesh Saxena had dropped a bombshell with his allegation that he had contributed a huge sum of money to the Chat Thai Party in the run-up to last year's general election.

But instead of trying to refute the allegation, party members stood their ground, hoping the issue would just fade away.

They did not bother to find out whether there was any contribution at all but focused instead on who received the money. They then tried to defend themselves by saying somebody else, and not them, could have got the money and argued that it should be up to that person to do the explazung.

However, their stance failed to remove lingering doubts on the party's reputation, with many assuming that it was a tacit admittance of the fact that someone from the party did receive some money from Saxena.

If money had changed hands and if it was used to finance the campaign of some party members in thelast election, shouldn't the party be required to take some responsibility for it, especially ff it helped them win the biggest number of House seats?

If this is the case, can it be assumed then that party leader and prime minister Banhan Sinlapa-acha did know about it? And shouldn't he be held responsible because the alleged contribution somehow helped him assume the premiership?

These are the questions that need some answers now whether the party likes it or not.

Denying that Saxena was his acquaintance and that he had received any money from him, Banhan asked the key suspect in the Bangkok Bank of Commerce fraud to identify the people whom he gave money to. "I really want to know," Banhan said without indicating whet her he would go out of his way to find out who had received money from Saxena.

If Banhan really wanted to know, surely he could do something about it. He could have sent some of his trusted associates to question Saxena, particularly if he feels that he had been kept out of the loop.

Or Banhan could have charged Saxena for defaming him. The least? he could have done was defend himself from the allegations. But he has done nothing.

He has even lobbied the House committee on banking and finance to ignore the allegations instead of trying to conduct a probe. He told Chat Thai MPs on the committee to ask the rest of the panels members to ignore the issue since "a bandit's statement does not warrant any attention".

Banhan should have tried to look for evidence that would prove Saxena was using the allegation to prevent

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his extradition to Thailand. But based on their acts, it seems party members and Banhan were using the threat of extradition to be able to negotiate with Saxena.

The opposition has come up with its own conclusions. For one thing, they wondered out loud why Saxena was able to leave Thailand.

There are also rumours that some politicians had made threats for Saxena not to return to Thailand or else he would be "silenced".

To make matters worse, Chat Thai secretary general Sano Thianthong remarked matter-of-factly that the money might have gone to newcomers in the party.

The day after Sano's comments, Narong Wongwan, leader of the Thoet Thai faction, denied that Saxena was one of his acquaintances. However, Narong did not clarify whether someone in his group did receive some money from Saxena.

Instead, Narong said his faction has its own money which came from its members. "I don't mow where each member gets his money," he stressed.

He also said that Suchat Tancharoen and Ruangwit Lik acted like fund managers for the group. Narong promised to ask Suchat about Saxena's allegations.

As if confirming the allegations, several Chat Thai members said it was a personal matter. They added that Saxena might mean someone who was involved in the BBC loans scandal.

As a result, Suchat, who was accused of having received illegal loans from BBC, has become the main target of Saxena's allegations.

"I've never received any money from Saxena. I will put up with the blaming game until I run out of patience. I won't die alone," Suchat replied.

He then passed the buck to Banhan and Sano.

"Just think about it. If someone wants to contribute money to a political party, he will give it either to the party leader or secretary-general," Suchat said.

"I don't know if they really had the money or not. But if you conduct your investigation well, you will find out that many in both the government and opposition have received some of his my."

Instead of refuting them, Suchat has effectively confirmed Saxena's allegations. His words have more weight because he is known to be close to Saxena.

Feeling that his partymates are ganging up on him, Suchat has shown that he will not hesitate to take others down with him.

Suchat might think that Chat Thai owes him something since it was his money that helped Thoet Thai members win a majority of the House seats.

Suchat probably feels that it is not fair for him to suffer alone and being made the scapegoat.

But Sano has already asked the party to investigate Suchat and his Group of 16. He has also threatened to find the "bad guys" following the probe.

Suchat will never take the axe lying down. He will wage a bloody fight even against the Hero", Banhan, who claimed he earlier ordered action against those responsible for the BBC debacle.

Banhan and Sano suspect that the Group of 16 is using Saxena to pressure them into giving certain political concessions. As a result, the two might be thinking of retaliating.

But Banhan asked Sano on Tuesday to cancel the probe that was initially scheduled during a party meeting on August 6.

Banhan apparently fears that infighting among Chat Thai members would not benefit anyone and might lead to even more splits. What really worries him are disclosures that might be made during the meeting that would substantiate Saxena's allegations.

Vietnam

SRV: Two U.S.-Backed Projects in Central Highlands Noted

BK0208091196 Hanoi VNA in English 0656 GMT 2 Aug 96

[FBIS Transcribed Text] Hanoi VNA August 2 — Prefeasibility studies by two US projects in the central highlands province of Lam Dong with a combined capital of USD 101 million have been completed, according to the Lam Dong planning and investment service.

The first project is a USD 100-million joint venture between the Lam Dong Housing Trade and Development Company and the Strategic Development International corporation to build a modern complex in Da Lat. The complex includes a commercial building, an international tourism centre, an international conference centre, a college for Southeast Asian students and others facilities.

The second is a 100 percent foreign invested project capitalised at USD 1 million of the seven group to grow and process mushroom for export.

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SRV: Deputy Prime Minister Receives Japanese Minister

BK0208063096 Hanoi VNA in English 0531 GMT 2 Aug 96

[FBIS Transcribed Text] Hanoi VNA August 1 — Deputy Prime Minister Tran Duc Luong while receiving Japanese Deputy Minister of Post and Telecommunications Mr. A. Yamaguchi here this afternoon spoke highly of the purpose of his visit as a enhancement of the cooperative ties between Vietnam and Japan in the field of telecommunications.

Mr. Luong hailed the content of telecommunications cooperation initiated by Mr A. Yamaguchi and said that Vietnam's telecomunications sector has in recent years obtained a remarkable results in cooperation with other countries in a bid to modernise its information system to meet the demand for national socio- economic development. The certain developments added to the country's achievements in the renovation process.

Vietnam has in recent years received assistance of important significance from some international organisations but still failed to meet the requirement for the universalisation of advanced information, he noted.

He said he believed that Vietnam is able to train a contingent of skilled technicians who can produce high quality parts and equipment for the telecommunications branch.

Mr. Luong was also pleased with the Japanese Government's support to the development of Vietnam's post and telecommunications sector in the future.

SRV: Local Radio, Broadcasting Network Expansion Plan

BK0208055696 Hanoi VNA in English 0524 GMT 2 Aug 96

[FBIS Transcribed Text] Hanoi VNA August 1 — Vietnam is striving for 80 percent of the population to regularly watch television and 95 percent to listen to the radio by the year 2000, according to a national local radio and broadcasting conference held recently in the central province of Nghe An. The conference reviewed the activities of the radio and broadcasting systems in localities across the country over the past time and set targets for the period from now to the year 2000.

The conference, attended by representatives from radio and broadcasting services in 53 provinces and cities throughout the country, discussed measures to effectively consolidate and develop local radio systems and broadcasting services to fulfil the targets set for 1995-1996.

The targets, approved by the prime minister, include coverage of radio and broadcasting of 121 island and highlands districts, and upgrading of radio and broadcasting systems in 76 mountain and remote districts, 185 targetted communes, and 222 highlands establishments.

The participants also exchanged experiences on building and fully utilising the local radio and broadcasting network to serve the party's process of renewal.

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Australia

Australia: China's Moratorium on Nuclear Tests Welcomed

BK0108045996 Sydney THE SYDNEY MORNING HERALD in English 1 Aug 96

[Received via Internet]

[FBIS Transcribed Text] The timing of China's latest, and hopefully last, nuclear test appears to have been quite deliberate. The test took place on the eve of the resumption in Geneva of the latest negotiations on a Comprehensive Test Ban Treaty. In normal circumstances, the timing would be seen as a gesture of defiance of the Geneva talks. But China said in June, when it exploded its previous underground nuclear bomb, that it intended to conduct one more test. It obviously wanted to do so before the Geneva negotiations got fully under way.

While China's decision to conduct another test is regrettable, its accompanying announcement of a moratorium on further nuclear testing is welcome. This moratorium gives some slender hope that the United Nations Conference on Disarmament will now be able to conclude a draft treaty for consideration by the next UN General Assembly in September. The Chinese moratorium follows the recent collective pledge by the four other nuclear-weapons states (the US, Russia, Britain and France) to show "utmost restraint" on testing until a treaty is in force. It seems unlikely that China would have been prepared to consider a moratorium if it was unwilling to continue negotiating in good faith. This is despite its serious reservations about the on-site inspection provisions of the draft treaty.

With the "Big Five" imposing a moratorium on further testing, the outlook for completion of the test ban treaty should be encouraging. There are, however, many other obstacles which have to be overcome. One of the biggest hurdles is the attitude of India which is, along with Pakistan and Israel, one of the three threshold nuclear-weapons states. Under the "entry into force" provisions of the draft text, it seems unlikely that the treaty can be adopted unless India, in particular, can be persuaded to support it.

India announced on June 20 that it was not prepared to sign the treaty in its present form. Its objections stem in part from its claim that the treaty would simply entrench the power of the existing nuclear-weapons states and in part from its own national security position in relation to its neighbours, China and Pakistan. Pakistan's attitude to the treaty is somewhat ambiguous but it seems highly unlikely that the Pakistani Government would be prepared to go along with the treaty if India is unwilling to do so. There is obviously a lot of work still to be done before September.

Australian Foreign Minister: PNG Premier's Remarks Unhelpful

LD3107103596 Melbourne Radio Australia in English 0700 GMT 31 Jul 96

[FBIS Transcribed Text] Australia has described critical comments from Papua New Guinea's [PNG] prime minister, Sir Julius Chan, as unhelpful and not the way to do business. However, a spokesman for Australia's foreign minister, Alexander Downer, said the relationship was robust enough to ride through periodic rough patches. The comments follow an attack in the Papua New Guinea parliament yesterday, when Sir Julius said relations with Australia had soured in recent months. The PNG prime minister said Australia must accept some guilt for deaths on Bougainville because Canberra refused to control spokesmen living in Australia for separatist rebels on the island. Mr. Downer's office replied that there could be no question of curtailing the freedom of speech of Australian residents simply because they had views on Bougainville. The spokesman said Mr. Downer did not want to prolong a personal debate and attention should focus on key issues, such as a form of autonomy for Bougainville.

Australia: 'Little Hope' Seen for Bougainville Solution

BK0208102896 Sydney THE SYDNEY MORNING HERALD in English 2 Aug 96

[Editorial: "Chan Storm" — received via Internet]

[FBIS Transcribed Text] Fortunately, the outburst by the Prime Minister of Papua New Guinea [PNG], Sir Julius Chan — in which he attacked Australia for condoning "treasonous actions" against his nation — appears to have been a passing storm. Certainly, it should not be allowed to disturb Australia's close relations with PNG. These, by their very intimacy, must be expected to be unusually frank and open.

Unfortunately, in clarifying his Government's policy on Bougainville yesterday, Sir Julius has given little reason for hope of an early resolution of the crisis. No doubt it is disappointing to him that the military operation he ordered against the Bougainville Revolutionary Army [BRA] in June has not succeeded. He is also upset that Canberra's concerns about the military operation became public. And he has revealed a deep resentment that Australia has not prevented BRA supporters in Australia from disseminating "self-seeking propaganda". These things explain his thinking, but do not justify it.

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As long as Sir Julius thinks Australia, in his words, "gives the impression it prefers to side with various of our citizens... who actively campaign against our territorial integrity" there is little hope that the Australian Government can find common ground with him. That means Canberra's position will continue to be closer to that taken by other PNG political leaders. The Bougainville crisis is not going to be resolved by the rigidity implicit in Sir Julius's talk of "territorial integrity" and "treasonous actions". It will require flexibility, such as that reflected in former Prime Minister Sir Michael Somare's proposal — which Sir Julius expressly rejected yesterday — for a constitutional solution which would give Bougainville a level of independence and autonomy comparable, say, with that enjoyed by the Cook Islands in relation to New Zealand.

By questioning the wisdom of the recent military action against the BRA, Australians do not wish Papua New Guinea harm. On the contrary, they see, as many in PNG do too, that there can be no peace without some constitutional change. Sir Julius's concern for the integrity of PNG is beyond question. But his apparent unwillingness to look beyond the so-far unproductive negotiations with the Bougainville Transitional Government as a means of resolving the crisis is disappointing.

Australia: Paper Urges Cut in Aid to Papua New Guinea

BK0208083096 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 2 Aug 96

[Editorial: "PNG Heading for Aid Cut" — Received via Internet]

[FBIS Transcribed Text] The rain of recent attacks by Papua New Guinea's [PNG] Government on its best friends, led by Australia, is both sad and foolish. It offers the Howard Government the opportunity for an early reassessment of the relationship and the weight of aid flowing to PNG: more than 20 percent of the whole Australian aid program.

But it also inflicts collateral damage, through gratuitously injecting a tone of insecurity and friction — that markets detest — on Australian companies that have invested heavily, even courageously, in PNG.

In recent days PNG has announced reviews of both the $325 million [Australian dollars] per year Australian development aid program and of the $24 million per year defence aid, which Prime Minister Sir Julius Chan said he might "arrange to be discontinued forthwith".

And on Wednesday [31 July], the Finance Minister, Mr Chris Haiveta, launched a bizarre attack on the World Bank, co-ordinator of a $455 million structural adjustment package signed by PNG a year ago, to which Australia has already contributed $70 million.

The bank has worked patiently to persuade the PNG Government to implement the package, intended to redirect resources from ineffectual bureaucracy towards health, education, infrastructure: priorities also for Australian aid.

Last week, the PNG Government pushed through Parliament amendments to the Forest Act paving the way for major new logging leases, in clear breach of the agreement. After the bank warned that this might abort the second tranche of the aid package, Mr Haiveta told Parliament: "Our sovereignty must not be questioned, whether by the World Bank or Australia." But "sovereignty", like patriotism of the baser sort, is not merely Samuel Johnson's "last refuge of the scoundrel". It is also a doubly redundant concept.

Redundant internationally because of the rapid globalisation of economies and of cultures. Redundant domestically because most Papua New Guineans beyond the Port Moresby elite have other priorities: access to medicine and decent schools and roads.

The focus on such concepts as sovereignty stems from PNG decision-makers' preoccupation with process rather than development outcomes and their need to blame government failings on others, preferably foreigners.

Over Bougainville, PNG merits more sympathy. Most Bougainvilleans oppose the rebels, whose goals verge between absolutist and cargo cultist. Commendably, there has been no discrimination against the many thousands of Bougainvilleans living elsewhere in PNG. But the responsibility remains with PNG, which unfortunately has done little to convince Australians of its case.

The PNG aid review proposals should be taken up by Canberra as an early opportunity — before the aid treaty expires in mid 2000 — to redeploy Australia's assistance more strategically in the Asia Pacific region, taking into account how welcome it is to recipients. Then, at next June's election, the country's village-dwelling majority will be able to record its own verdict on its Government's performance.

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Papua New Guinea

Papua New Guinea: Ties With Australia Remain Strained Over Bougainville

BK0108045296 Sydney THE SYDNEY MORNING HERALD in English 1 Aug 96

[Article by Greg Roberts: "Bomb Raises PNG Tension" — received via Internet]

[FBIS Transcribed Text] The minister for foreign affairs, Mr. Downer, has "cleared the air" with his Papua New Guinean [PNG] counterpart but there were new tensions in Port Moresby yesterday when a bomb was thrown at the Office of the Prime Minister, Sir Julius Chan.

The bomb, comprising sticks of dynamite, was thrown from a car late on Tuesday night into the ground floor of the Port Moresby building.

Sources said soldiers who have been complaining recently of not being paid may have been responsible. No one was injured in the blast.

Despite Mr. Downer saying he had cleared the air with the PNG foreign minister, Mr. Kilroy Genia, sources close to Sir Julius said Sir Julius continued to regard as "intolerable" a suggestion by Mr. Downer that Australian defence aid could be cut because PNG had breached conditions attached to the use of Australian-supplied Iroquois helicopters.

Responding to comments Mr. Downer made last week after meeting Mr. Genia in Jakarta, Sir Julius accused Canberra on Tuesday of condoning "treasonous" acts against his country and indicated PNG may reject Australia's $20 million-a-year defence aid.

Mr. Downer had referred to PNG's military use of the helicopters in an offensive capacity on Bougainville when he warned that breaches of the conditions had the "potential to have a very real impact on defence co-operation" between Australia and PNG.

A spokesman for Mr. Downer said those comments were made only after the minister and Mr. Genia had agreed on a "set of talking points" for a media conference Mr. Downer was giving.

Mr. Downer telephoned Mr. Genia yesterday after Sir Julius's outburst, while Australia's high commissioner in Port Moresby, Mr. David Irvine, delivered a detailed response to the Prime Minister's Office.

Mr. Downer's spokesman said the minister had "cleared the air and set the record straight" in his conversation with Mr. Genia, but he would not comment further. Port Moresby declined to respond.

Sources in Port Moresby said relations between Sir Julius and Mr. Genia were uneasy, and that the prime minister might be trying to deflect attention from the failure of the military offensive launched in June to crush the separatist Bougainville Revolutionary Army (BRA).

Sir Julius is also understood to have held Mr. Downer in low esteem since Mr. Downer publicly criticised the Bougainville offensive when it was launched, believing Australia should instead have made its concerns known privately through diplomatic channels.

BRA sources said yesterday that two Iroquois helicopters were used to bomb six villages on Bougainville earlier this week, but it was not possible to confirm the claim.

There appear to be divisions in the PNG Government about how to handle the Bougainville crisis.

Sir Julius is expected to make a statement today in which he is understood to accept the principle of greater autonomy for the strife-torn island and indicate a preparedness to hold further talks on its future.

However, he is believed to have rejected a suggestion by PNG's elder statesman, Sir Michael Somare, to make Bougainville a federated State, giving it semi-independent status similar to that of the Cook Islands and the Federated States of Micronesia.

Some members of his Government believe PNG can no longer afford the economic and social costs of the conflict and that Sir Michael's suggestion deserves serious consideration.

The BRA leader, Mr. Francis Ona, said in a weekend statement that there was no possibility of peace until all PNG troops were withdrawn from Bougainville.

Papua New Guinea: Chan Admits Rights Abuses in Bougainville

BK0208081396 Sydney THE SYDNEY MORNING HERALD in English 2 Aug 96

[By Greg Roberts — received via Internet]

[FBIS Transcribed Text] August 2, 1996 — The Papua New Guinea [PNG] Prime Minister, Sir Julius Chan, conceded for the first time yesterday that PNG Defence Force personnel had committed human rights abuses on Bougainville.

Sir Julius, in a major policy statement in the PNG Parliament, also defended the use of Australian-supplied Iroquois helicopters on Bougainville.

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While he held out the prospect of greater autonomy for Bougainville, he failed to announce new measures to end the eight-year conflict.

Sir Julius ruled out any prospect of independence for Bougainville and implicitly rejected a proposal by PNG's elder statesman, Sir Michael Somare, to make the island a semi-independent federated State.

"The constitutional enforcement of the law rests with the Government of PNG," he said. Sir Julius said negotiations would continue with the Port Moresby-appointed Bougainville Transitional Government on ways of giving Bougainvilleans more autonomy within the framework of the Constitution.

Sir Julius said allegations of human rights violations by security personnel were being investigated, and legislation would be presented to Parliament soon to establish a Human Rights Commission.

"Normal prosecution will take place as a result of these investigations... In conformity with international law, the Government is committed to ensure that violations committed by both the rebels and members of the security forces are brought to justice."

Papua New Guinea: Finance Minister Criticizes World Bank Aid Cut

BK0208090996 Melbourne Radio Australia in English 0500 GMT 2 AUG 96

[FBIS Transcribed Text] The World Bank is to wipe its hand off Papua New Guinea [PNG] and cancel its multi-million dollar aid package to Port Moresby. Anne Barker reports the bank is checking the legality of its agreement with PNG before making a public statement next week.

[Begin Barker recording] The PNG Government has consistently defied calls from the bank and other donors, including Australia, for it to implement the reforms necessary for the remaining $158 million in aid funding. The final straw came at last week when PNG changed its forestry laws in direct contradiction of the agreement. The finance minister, Chris Haiveta, launched a scathing attack on the bank. It is claimed the loss of the aid funds may force PNG to sell off even more forestry rights to Malaysian loggers in a bid to raise desperately needed cash.

A team from the International Monetary Fund will visit PNG next week, but it is unlikely to offer alternative funding. [end recording]

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